ESTABLISHED 1839

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 178 Number 5238 New York 7, N. Y., Thursday, July 16, 1953 Price 40 Cents a Copy

EDITORIAL

As We See It

The fact that the Treasury has apparently given up, at least for the present, the plans it earlier professed to have for renovating the maturity schedule of its debt is less disturbing than a good deal of the comment currently heard about the reasons for the change. The circumstance that the Federal Reserve authorities have winced and relented and refrained is second in importance to the rationalization of their action, frequently expounded apparently with the approval of the System.

That both changes have taken place there can no longer be any doubt. The loose talk about the presence of available funds in the short-term market but none in the long-term is obviously at best but a Pickwickian way of expressing facts less palatable if stated in more direct language. The explanation that the Treasury, as usual, is simply seeking to sell its securities where there is a market for them must, of course, be taken with a grain of salt. Much the same is to be said for the pronouncements of those apologists who keep saying that the long-term market is not being supported.

The fact is that short-term money is relatively available to the Treasury for the simple reason that the banks, particularly the Federal Reserve banks, are creating it for that very purpose. These institutions are, in turn, not adding to their holdings of longer term issues, and others not endowed with the power to create money are far from clear in their own minds what the future attitude of the Reserve authorities is to be regarding these long issues. Any surplus funds these latter may have for investment, either as

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The Mid-Year Economic Outlook

By J. DEWEY DAANE*
Assistant Vice-President,
Federal Reserve Bank of Richmond

Pointing out there are increasing predictions 1953 may be labeled "the year of the slump that never came," Mr. Daane presents contrasting data for both "bullish" and "bearish" views. Looks for "sideways movement," and says a flexible, effective monetary policy by Federal Reserve is an important factor contributing to stability.

Despite all the talk about the "boom getting tired," there is little evidence of "tiredness" in the current statistics, which show our economy continuing to operate at record levels of activity. In the second quarter of 1953 the gross national product—the market value of all goods and services (end products) produced by our economy—was $368 billion (annual rate) more than $25 billion higher than a year ago. The Federal Reserve Board index of industrial production, which is generally accepted as the best measure of physical volume of manufacturing and mineral production, hit a postwar peak of 243 in March (1935-39=100) and has since continued at approximately that peak—20-25 points above a year ago. Personal income has continued to inch up; the latest official figure shows individuals earning money at an annual rate of $285 billion, or almost 8% above a year ago. As to the spending of this money earned, personal consumption expenditures are running at an annual rate of $228 billion, or about 92 cents out of every dollar received, and are supporting retail sales 4% or more above a year ago. Construction expenditures are at record levels, with housing starts in the first five months of 1953 higher than in the same months last year. Employment in

J. Dewey Daane

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*Panel remarks by Mr. Daane, at meeting of Institute of Public Affairs, University of Virginia, Charlottesville, Virginia, July 8, 1953.

Why Shouldn't Americans Have Gold Coinage Again?

By HERBERT M. BRATTER

Mr. Bratter reviews events which led to the abandonment of the Gold Coin Standard in U. S. and conditions subsequent thereto. Says proponents of gold coin standard form two groups: one of which endorses the standard, but wants its readoption deferred; and the other which wants immediate adoption. Gives views of various authorities on potential effects of return to the gold coin standard, and concludes, if a return to gold coin redemption of the dollar is desirable, the reasons for delay are not persuasive.

For 20 years following the momentous events of early March, 1933, advocates of a return to the full gold standard in this country with a restoration of the right of individuals to obtain gold coin for their paper money faced the stony opposition of the Democratic governments in Washington. The Republican Platform of 1952 seemed to give the gold-coin advocates a ray of hope. But the present Administration, while conceding a willingness to return to gold coin sometime in the future, adheres to the position that this is not the appropriate time to do so. Under just what circumstances the Administration envisages a return to gold redeemability of the dollar internally its spokesmen have not publicly stated and one is reduced to assuming what may be in their mind.

Herbert M. Bratter

At the beginning of March, 1933, the Treasury bought and sold gold at $20.67 an ounce. To individuals the Government in effect sold gold at that price in the form of United States gold coins, which could be obtained in exchange for paper money at any bank. On Monday morning, March 6, 1933, the nation awoke to a bank holiday. When the banks reopened one could no longer get gold

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SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 34.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

Standard Packaging Corporation — George L. Barone, Security Analyst, Van Alstyne, Noel & Co., New York City. (Page 2)

North American Refractories Co. —Edward F. Hayes, Partner, Glore, Forgan & Co., New York City. (Page 2)

GEORGE L. BARONE
Security Analyst
Van Alstyne, Noel & Co.
New York City
Members, New York Stock Exchange

Standard Packaging Corporation

Occasionally an exceptional opportunity presents itself to the alert investor which enables him to participate in a situation in which it is possible to secure a substantial capital gain. The common stock of Standard Packaging Corporation, listed on the American Stock Exchange, selling around $15 a share, I believe, offers such an opportunity.


George L. Barone

The Corporation's business embraces a wide group of activities most of which are concerned with various phases of the packaging industry. The Company has two major divisions, Missisquoi Corporation and Standard Packaging itself with its three subdivisions. The subdivisions consist of the Closure Division, which produces the hoods and disc caps for closing milk bottles and designs, builds and leases the machines to install the closures; the Liner Division which produces the bottle cap liners used to complete the seal in nearly all bottles and jars preventing leakage of the contents, and finally; the Vacuum Packaging Division which produces materials and machines used in the flexible functional packaging of a variety of foodstuffs. This portion of the company's business is by far the most promising and will be described in detail later.

Standard Packaging acquired control of Missisquoi Corporation in April 1952 in exchange for stock. Missisquoi's sales and earnings have shown impressive growth. This company produces paperboard and paperboard specialties. About 25% of Missisquoi's production is converted into such items as paper plates, food trays, food pails and liquid tight containers. A large portion of the balance of the production is used for such items as pari-mutual, theatre, football, baseball and other tickets. The balance of production is sold as paperboard either in rolls or sheets to other converters. Recently, Missisquoi developed a plasticized paper plate, printed in attractive designs and which, at a distance appears to be made of genuine china. These plates are now being marketed by two large cup manufacturers in dinner sets. Marketing studies indicate a tremendous potential for this new item, particularly with middle and lower income families. Also, the labor saving advantages are obvious and this appeals to all sorts of institutions as well as the housewife.

The acquisition of Missisquoi was a smart move on the part of Standard. An additional source of raw material has been secured, earning power has been added, diversification is broadened and top quality management has been obtained.

The Liner and Closure Divisions of Standard Packaging can be considered the Company's bread and butter line. Both have provided stable income for many years and prospects continue favorable. In fact, it was the income from these sources that helped finance the research necessary to develop what could be the greatest discovery in the food industry since refrigeration—the vacuum packaging of food in transparent containers.

Most food products can be preserved over extended periods of time if they are kept under vacuum at low temperatures. While refrigeration has been highly developed, vacuum packaging has proved more difficult. In order to get an effective vacuum, it is necessary to use an intricate process which up until now has been limited to metal or glass containers. But there are serious limitations. Aside from the high cost of the container, there is the difficulty involved in the shipping, storage and disposal of bulky tins and jars. Furthermore, from the standpoint of costs, the packaging of some low price foods in small metal or glass containers is uneconomic.

After many years of experimentation, Standard Packaging perfected a process of vacuum packaging products in flexible containers. With this process, Standard Packaging, in my opinion, is about to hit the jackpot.

The vacuum packaging of food in flexible and cheaper containers is a field which cannot be described as anything but tremendous. Armour was the first to grasp the significance of this new development and ordered a number of these machines which were installed in eight plants for the vacuum packaging of bacon. Competitors quickly followed suit and although the Company has only recently made the process available, there are currently about 90 of these machines in use for meats alone, with a considerable backlog of unfilled orders. The growth possibilities of this type of packaging is apparent as vacuum packaged bacon and luncheon meats are being successfully presented to consumers in supermakets throughout the country.

The most obvious advantages to this type packaging are:

(1) The product retains the exact flavor that is sealed in.

(2) The product stays good under refrigeration for a longer time, thus cutting spoilage.

(3) Vacuum packaged meat retains its original color even under the brilliance of flourescent lighting which quickly blackens meat exposed to oxygen.

(4) In the case of bacon and luncheon meats, the package is delivered already sliced in convenient sizes for serving in the sealed package so that no contamination is possible.

(5) Easy visibility to enhance consumer impulse buying is provided by the transparent film.

(6) Brand identification in attractive colors and designs can be printed on the package and product substitution is impossible without breaking the vacuum.

The Company builds and installs the machines and the profit therefrom is nominal. Standard Packaging, however, supplies all the materials used for wrapping on which an excellent margin of profit is realized. The latest models now being installed can use up to $8,000 worth of materials per month.

Earnings have not been impressive in recent years because of the large outlays necessary for experimentation on the vacuum packaging machine. Now that the machine has been perfected however, profits are expected to show a rapid acceleration. First quarter earnings in 1953 were $.30 per share, more than was earned all of last year.

Standard Packaging in addition to its regular line of business has developed this revolutionary and dynamic technique in the field of packaging. The company's present policy is to exploit this technique and add new ones whenever possible. This is a big picture and in my opinion it represents an outstanding opportunity, insofar as the price level is so attractive.

EDWARD F. HAYES
Partner, Glore, Forgan & Co.,
New York City
Members New York Stock Exchange

North American Refractories Company

Refractories have been described as one of the indispensables throughout industry wherever high temperatures are used. This would place them high on the list of necessities in such lines as steel, glass, oil refining, chemicals, etc. where high temperatures are required. With industrial activity in the United States continuing at such a high level, we may take a fresh up-to-the-minute look at the refractories industry.


Edward F. Hayes

Just as there has been an expansion in many industries, both as to capacity and efficiency, so has there been in the refractories line.

The unit in the refractory industry with which I am most familiar is the North American Refractories Company, operating plants in Pennsylvania, Ohio, Kentucky and Missouri. This company was formed about 25 years ago, but the constituent divisions which entered it date back in some instances as much as 50 years ago. We are dealing, therefore, with an old well-established business.

About three and a half years ago the company embarked on a program calling for the expenditure of, roughly, $3,000,000 to increase capacity, reduce manufacturing costs and improve its products. This program is now substantially completed, and the benefits are showing up now. No financing was required for this because all the funds came from earnings retained for use in the business.

Earnings on the common capital stock in the past five calendar years compare as follows:

Year	Per Share
1948	$3.86
1949	2.19
1950	3.82
1951	4.65
1952	3.17

It is believed that earnings for the first six months of this calendar year will be close to $2 per share.

The refractories industry has

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The Future of the Refrigeration Industry

By CLARENCE H. LINDER*
Vice-President, General Electric Company

Declaring that a year around push-button weather control in an all-electric home is rapidly approaching within reach of the average American's income, Mr. Linder reveals prospects of air-conditioning and the use of new electric conditioning device called the heat pump, which heats in winter and cools in summer. Foresees a bright future for air-conditioning industry and says it has potential of becoming one of the fastest growing industries during the next quarter century.

Before talking about the future of the refrigeration industry, I should like to mention briefly the past. Then I want to discuss the prospects of air-conditioning; about a still relatively unknown device called the heat pump; about the outlook for the all-electric home; and about a new development which promises to have an impact on the refrigeration industry.

Clarence H. Linder

And then, let me briefly suggest a program that must be undertaken immediately if the future of the refrigeration industry is to live up to its potentialities.

I often wonder how many people fully realize the significance of your profession's contributions to our present way of life. I wonder if they ever give a thought to the part played by refrigeration engineers in shaping the pattern of our future economy, and the way in which we will live in years to come.

In order to comprehend the full significance of refrigeration, it is necessary to step back to get a panoramic view. The history of commercial refrigeration is a long one and needs no retelling to a group such as this. Its effect on food, transportation, and most importantly, the health of our people is all too apparent.

Then, look back only 25 years or so to a period which most of the men here, at least, can remember. In 1925, the new household refrigerator was a luxury item. Only about 1% of the 26 million wired homes in the country had mechanical household refrigeration. Compare that with the fact that today, 87% of approximately 43 million wired homes have mechanical refrigerators. And by 1960, it is estimated that 49 million of the predicted 50 million wired homes will have them. Think of it! Almost 99 out of every 100 homes with mechanical refrigeration.

With the exception of radio, no other major consumer item has had such an amazing acceptance and impact on our living habits. Yet, the by-product of refrigerator progress on our economic life has been of almost equal significance. For I think we can safely say that the household refrigerator provided the real spark for the "white goods" industry, or what we in business know today as the major appliance industry—a business which last year amounted to some $3 billion and by 1960 is expected to become a $5 billion business. Many major appliances are fast becoming necessities in the average American home today, largely as a result of the impetus provided by the household refrigerator.

Take a look, if you will, at two of the home appliance with which the refrigeration engineer has concerned himself—the food freezer and the room air-conditioner.

It seems almost incredible, but the fact remains that last year, sales of home food-freezers—a business still very much in its infancy—amounted to more than a million units, and in dollar volume approximated a third of that of the household refrigerator business. By 1960, it is estimated that its sales will be half again as much.

The story of the room air-conditioner is similar. Although still in the low saturation phase, its growth pattern is phenomenal. The industry sold somewhat less than a half-million units last year. By 1960, a generally accepted estimate of volume sales will approximate two million units.

True, sound merchandising methods must be given due credit for the splendid job done in stimulating the demand for, and marketing of these useful and serviceable products. But I would remind you—the engineers of the refrigeration industry—that the key to the success of these two appliances has been the product, just as the key to every successful manufacturing business has always been determined by how well the product has been engineered.

Prospects in the Years Ahead

I think now, that I have documented the importance of your contributions to our economic and social life. Present trends, however, indicate that it has been nothing compared to what it will be in the years ahead.

We have only to look at the prospects for air conditioning.

In reviewing the growth of the air-conditioning industry as a whole, it was interesting to discover that just prior to World War II, no more than 14,000 self-con-

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*An address by Mr. Linder before the American Society of Refrigerating Engineers, Lake Placid, N. Y., June 29, 1953.

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*See article "Financing Canada's Industrial Expansion" on page 10.

Published Twice Weekly
The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office

WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576

HERBERT D. SEIBERT, Editor & Publisher
WILLIAM DANA SEIBERT, President

Thursday, July 16, 1953

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.).

Other Offices: 135 South La Salle St., Chicago 3, Ill. (Telephone STate 2-0613); 1 Drapers' Gardens, London, E. C., England, c/o Edwards & Smith.

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879.

Subscription Rates

Subscriptions in United States, U. S. Possessions, Territories and Members of Pan-American Union, $48.00 per year; in Dominion of Canada, $51.00 per year. Other Countries, $55.00 per year.

Other Publications

Bank and Quotation Record — Monthly, $33.00 per year. (Foreign postage extra.)

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Heavy Expansion for Light Metal

By IRA U. COBLEIGH

Author of "Winning in Wall Street"

A swift outline of aluminium, the metal, and a specific view of one of its most fascinating producers on this continent —ALUMINIUM, LTD.

The trouble with us all today is that we take everything for granted, and seldom stop to count our blessings or our gains. Like aluminum. A lot of us remember 30 years or so ago when aluminum pots and pans were offered as merchandise premiums, or sold by agents from house to house.

Ira U. Cobleigh

Since then, what a change —what an expansion of usage! Foremost in our minds today is the use of aluminum in air frames for fighter and bomber; and to meet military needs, aluminum production was stepped up many fold between 1939 and 1946. Postwar, we have seen aluminum blossoming out in many directions so that we find this magic, silvery light metal in streamlined trains; in roofs, sidings, doors and screens for buildings; in truck and trailer bodies; in luggage for our travels; folding chairs for beach, patio, and porch; clothes dryers for the backyard; stepladders for house painting and hedge clipping; beach umbrellas for our seashore siestas; aluminum foil for roasting turkeys; and the television aerials for quiz, culture and KUKLA. And finally there is the classic tribute to this fabulous metal, the all-aluminum office building of Alminum Company of America, a glittering metal monolith, an aluminum oasis, in Pittsburgh — so-called City of Steel.

While most people have taken the advance of aluminum in stride, they have little idea of how the metal is produced, its sales price in the raw, and the sections of the earth's geography which bring this metal to us. The story is quite interesting.

Basis of Aluminum

The makin's of aluminum are found in earth and rock all over the world, but the only really practical productive element seems to be bauxite. This ore is found in Southern U. S., in certain Carribean countries and in Africa; some of these areas quite remote from what we sophisticatedly refer to as civilization. This ore is dug from pits, cleaned and dried; then shipped to a plant where, by a special chemical process, and the addition of soda ash and lime, it becomes something else—alumina. Then the alumina, in turn, is liquefied in an electrolytic furnace and powerful electric current gravitates the final product aluminum, to the bottom of same. It all sounds so simple but it actually requires a great volume of bauxite ore, a lot of water transportation and a titanic and continuous supply of low cost electric power: I say "low cost" because, power being such a vital ingredient, if it costs too much, it will cause a mill to lose out to more efficient competitors.

The story of actual aluminum manufacturers is better known than the technique of its production. Before 1939 this wonderful light non-corrosive metal was produced widely in European countries; and in North America by Aluminum Company of America, and a company which emerged from it in 1928, Aluminium Ltd., a Canadian corporation created to consolidate Alcoa holdings in Canada and overseas, into a separate unit. The common shares of Aluminium Ltd. were distributed in 1928 as a dividend to stockholders of Aluminum Company of America.

Don't let the spelling of this Canadian outfit confuse you. We're still talking about aluminum, but in Canada (and in England) they just spell and pronounce it differently.

Large U. S. Producers

Somewhere around 1939 or 1940 other U. S. aluminum producers got under way—*Reynolds Metal* and *Kaiser*. These two have expanded importantly so that, today, they produce together somewhere near 50% of total U. S. production. But it is not about U. S. companies we proposed to write here. We want to talk about their northern competitor, the biggest, and also the lowest cost, aluminum maker in the whole world— Aluminium Ltd. So here we go.

Aluminium Ltd.

We mentioned bauxite ore as the basic ingredient. Well, Aluminium Ltd. gets its main supply from mines in British Guiana, from whence it goes by boat to Arvida, Quebec, principal alumina plant, situated on the Saguenay River. At this point let us introduce the main virtue of Aluminium Ltd., its fabulous hydroelectric power generating system, assuring it of cheap power today, and, with projects afoot, of a vastly expanded supply of same for the years ahead.

On the upper waters of the Saguenay the company owns three power generating sites with over 2 million installed horsepower and it leases another half million horsepower produced from two dams on the Peribonka River. This may sound big; well it is, for enough juice is turned out from these Quebec turbines to supply current to Chicago and Detroit with some to spare. So you could almost consider Aluminium Ltd. as a king-size public utility if you were so disposed. And it has the right kind of power production for low cost—hydro-electric, that is.

Low Cost Power

It is true that it takes millions to build dams, but, once completed, the energy source, water, is continuous and costless and even dry years seldom reduce maximum available capacity by as much as 40%. The labor factor is exceedingly low so the principal costs are financial ones— depreciation, and bond interest on the money raised to build the dams and buy the turbines. Thus, with its existing power installations, Aluminium Ltd. has probably the lowest cost electric power in North America; and, applied to aluminum, this cost runs to around 2¢ a pound—and should go lower after accelerated government-allowed depreciation runs out, and bond redemption reduces interest. This is important, as while Aluminium Ltd. power costs can actually go down, costs of electricity in the U. S., whether derived from natural gas, or hydro electric generation, are on the increase.

But so far we've talked only about existing power. There are big increases in the offing. For instance, at Kemano, British Columbia, the company is now building a dam and a long water tunnel to generate, at the start, 450,000 horsepower. This can be expanded by more dams and tunnels to an ultimate 1,500,000 horsepower. (Roughly you can produce one ton of aluminum from 3 H. P. installed electric capacity.) This power is to supply an aluminum plant to be built at an improbably named place, Kitimat, British Columbia, 50 miles away on the Pacific shore, where boats with Jamaican bauxite will dock.

Insatiable Demand

Well, we almost got sidetracked. We're supposed to be outlining an aluminum enterprise and all we've talked about is power; so let's get back on the beam. Aluminum is big stuff and getting bigger and bigger in the economy of the world. Twenty-five years ago, world annual production was a paltry 300,000 tons. Now Aluminium Ltd. alone produces above 500,000 tons a year, with a program to double that capacity within eight years; and total world production is at the current rate of about 1,900,000 tons a year. It would surprise few in the industry if world demand, ten years hence, exceeded 3½ million tons. Aluminum appears to be one of the few major metals where supply has a tough time catching up with demand.

For the longer future Aluminium Ltd. also has an ambitious project on Africa's Gold Coast where nature seems, within a compact geographic area, to have bunched bauxite, waterpower sites, and seaports.

Aluminium Ltd. is primarily a producer of ingots which sell today around 20½¢ a pound; but it also does some fabrication, principally in Canada and England, with lesser facilities in a dozen countries around the world.

"A Lush Venture"

About profitability, this company has proved a lush venture. An original investment made a score of years ago would have increased about 1500%, and there are those who believe that dynamic growth of Aluminium Ltd. has, by no means, been concluded.

There are 9,002,668 common shares of Aluminium Ltd. listed on NYSE. Per share earnings for 1952 were $6.66 before a whacking depreciation of $4.17—balance, $2.49 out of which $2 in cash dividends was vouchsafed. The stock was split 5-for-1 in 1948 and 2-for-1 last year, if this type of financial fission interests you, and it should! This common sold at $5 in 1936 and as high as $63 in 1952 (adjusted for splits). Current quotations around 47¾. $336 million of debt creates a substantial leverage for Aluminium Ltd. common.

It is characteristic of capitalism to attract investment in growing and profitable enterprise. The aluminum industry is both growing and profitable; and expansion of production is taking place all over the world. But of all the companies now in production, certainly in North America, Aluminium Ltd. has, by all odds, the best cost ratio; and it bids fair to continue thus. Whether viewed as a large-scale electric power company, or the biggest maufacturer in its industry, Aluminium Ltd. is a distinguished company with less clouds on its horizon than appear today in many investment fields. Have you ever considered an aluminum-lined safe deposit box?

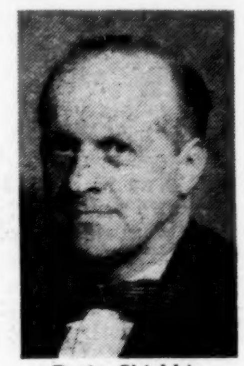
Labor's View of Economic Outlook

By BORIS SHISHKIN*

Director of Research
American Federation of Labor

In pointing out importance to whole world of maintaining economic stability and growth in U. S., American Federation of Labor economist says chief problem is to have higher wages accompany rising productivity. Says there has been substantial curtailments in some lines of consumer durable goods, and foresees a difficult problem in "a complex adjustment to change of pace in our defense economy."

Assurance of economic stability in the United States is not only vital to the American people, but to the entire free world. An economic crisis in America, should one come in the near future, would mean a major calamity not only to us, but to the whole array of nations associated with us in affirming the ideals of individual freedom and self-government against communism and other forms of dictatorial rule. If our country were to be plunged into major depression now, not only the economic, but also the political structure of the Western democratic world would suffer a crashing blow.



Boris Shishkin

Measures to sustain a high rate of economic activity must therefore rate top priority on the domestic agenda of our government and be the first test of responsible citizenship of those shaping private economic policies.

Right now, our economy is not in imminent danger of a depression. Its dynamic strength has not been sapped by the series of dislocations and distortions brought about by the events of the last three years. Yet, it is beginning to reveal widening areas of weakness which need to be reinforced.

Monetary policies that are beginning to emerge are compounded from the prescription of economic conservatism. What is more, they are being administered by the doctors twice bitten by inflation and four times shy of it. Deflation is likely to set in on a dangerous scale, from a sheer overdose of anti-inflation medicine, or from its ministrations at a wrong time.

Stability which we must seek is not the stability of standing still. What we want is stable growth. And we are also concerned in economic growth that is real. Between 1950 and 1951, for example, personal consumption expenditures rose about 7%. But all of this increase was accounted for by higher prices—the volume of actual goods and services was about the same in both years. Between 1951 and 1952, consumer spending rose about 4%, but the real increase, adjusted for a rise in prices, was only about 2%. The share of personal consumption expenditures in national production has declined 10% since 1950.

Wages Must Match Productivity Gains

Unbalance between the rising productivity, spurred on by advancing technology, and the real consumer buying power, is one of the key problems of continuing steady, stable growth ahead. This was the point made by our AFL report brought out last February. We pointed out that productivity gains must be accompanied by higher wages if living standards are to rise. This view is supported by the new study just published by the Twentieth Century Fund, which states that "our magnificent economic advance has apparently been accompanied in the recent past by a distribution of productivity gains almost entirely in higher wages."

Another key problem, closely related, is the future rate of growth of one of the major segments of a modern machine economy operating through mass production and mass distribution: the consumer durable goods. Substantial curtailments in some lines have already taken place. In others, the outlook is one of retrenchment. The problem is one of a complex adjustment to the change in pace of our whole defense economy. If no steps are taken to help maintain a balanced transition, curtailed production will result.

Unemployment Increase Looms

By the end of this year, unemployment is likely to rise by at least a half a million. If this trend is not to get out of hand, determined steps to reverse it should be taken with firmness and confidence. That is why the AFL has called for a top level, representative study to be made for consideration of the next session on Congress on policies needed to sustain prosperity.

*A statement by Mr. Shishkin in a panel discussion at the Institute of Public Affairs, the University of Virginia, Charlottesville, Va., July 8, 1953.

Fred Buesser Joins Trust Co. of Georgia

The election of Fred W. Buesser as Assistant Vice-President of the Trust Company of Georgia is announced today (July 16) by Marshall B. Hall, President. Mr. Buesser will act as representative of the bond department of the trust company in New York City, with offices at 15 Broad St.

Fred W. Buesser

Mr. Buesser, formerly Assistant Vice-President and Manager of the municipal bond department of the Chemical Bank and Trust Company, has been engaged in investment banking for 38 years. He started in 1915 with Potter, Choate and Prentice, members of the New York Stock Exchange, and in succeeding years was with W. A. Harriman and Co. and C. F. Childs and Co.

Alfred E. Hamill

Alfred E. Hamill passed away in Chicago at the age of 69. Prior to his retirement in 1947 he was a partner in Goldman, Sachs & Company.

The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

In their excellent weekly trade review of business conditions Dun & Bradstreet summarize viz: Nationwide industrial production slipped slightly in the week ended Wednesday, July 8, as many plants closed for vacations and inventory-taking. Nevertheless, total industrial production continued to be moderately higher than the level of a year earlier; it was down mildly from the postwar peak reached in recent weeks. Electric power production was off slightly from the all-time high set in the prior week.

Steel production was scheduled to rise nearly three points to 94.6% of capacity; the advance over last year was very sharp since labor-management disputes cut output at that time. Automobile production fell 20% to 130,937 vehicles but was up 64% from last year.

Contracts awarded this week for civil engineering construction dropped 25% to 192 millions and were off 50% from last year; the cumulative 1953 total topped that of 1952 by 14%. Lumber production dipped 2% but was up 12% from last year; new orders slipped 2% but were up 8% from last year.

The production of paperboard declined 11% to the lowest level in 10 months but was up 61% from last year; new orders rose 64% and were up 65% from last year; the order backlog rose 24% to the highest level in four weeks and was up 37% from last year.

Meat production fell 10% to a new low for the year but was up 31% from a year ago. Flour milling was up fractionally from the prior week and up 4% from last year. Butter making dipped 3% to the lowest level in eight weeks but was up 16% from last year.

Don't be fooled by the decline in steel production the past few weeks; consumers are still anxious to buy more than can be delivered at regular mill prices, according to "The Iron Age," national metalworking weekly.

Here are the main reasons the steel market, though easing, is still a long way from saturation:

"The Iron Age" Steel Scrap Composite Price rose $1 a ton to $44.83 per gross ton. This is the eighth consecutive week this price index has advanced. Steel scrap prices usually reflect market prospects of the mills.

Major steel consuming industries are still going great guns. Their purchasing agents will buy if the price is right. But none of them want to be "stuck" with high cost material that will make them look bad when the market turns softer.

This is bad news to converters, brokers, and importers of foreign steel. And it means that quality must be kept up to snuff. But it doesn't mean that demand has lost its zip, notes this trade weekly.

There's still plenty of business on mill books. Order backlogs are not appreciably smaller than they were several months ago. Fourth quarter books just opened are filling at a "highly satisfactory" pace.

Carryovers of (promised but undelivered) orders from third to fourth quarters are just about certain in sheets (both hot- and cold-rolled), bars, and light plates.

Steel is still being sold at premium prices by high cost producers. Consumers will not pay premiums when material becomes abundant at regular prices. Premium producers know this, and they'll price their products competitively when order books grow thin, observes "Iron Age."

Cancelled tonnages that have become available have been quickly gobbed up by other customers. Cancellations are nowhere near epidemic proportions. They seem to result more from over-ordering and revisions in defense programs than from any failing in demand.

In the past several years the "experts" have repeatedly under-estimated demand for steel. This time even steel officials, who are noted for their conservatism in estimating markets, are not predicting an early decline in demand. Why? They can look at their order books, they are within telephone reach of purchasing agents, they have just raised prices without much squawk from customers, and they do have to buy scrap.

Below-capacity operations undoubtedly partly reflect some easing of extreme pressure on the mills, but not lack of business.

Lower operating rates are directly attributed to (1) vacations, (2) maintenance, and (3) hot weather. By all-out efforts mills could raise output a few points higher, but cost of producing the additional tonnage would be great.

Steelmaking operations this week are scheduled at 96.0% of rated capacity, up three points from last week's revised rate, concludes "Iron Age."

"Steel" Magazine Expects a Good Fourth Quarter Demand

It looks more and more like there'll be a good demand for steel through the fourth quarter of this year, says "Steel," the weekly magazine of metalworking.

That's the quarter a lot of people thought would bring a downfall. Earlier this year there were predictions the shrinkage would come in the third quarter. But as time went by, the date for a decline was postponed.

Steel company sales executives are increasingly optimistic about the fourth-quarter sales prospects for the large tonnage items like sheets, plates, structural shapes, bars and seamless tubing. Those products comprise more than half of the tonnage of finished steel shipped by mills. It's significant that steel company

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Marshall Tito Concocts a Communist-Capitalist Hash

By A. WILFRED MAY

In report from Yugoslavia, Mr. May describes Communist regime's disillusionment stemming from production failures and bureaucracy's chaos. Cites swing to use of capitalistic incentive devices, including profit-sharing, as an integral part of new organizational set-up of industrial workers' collectives.

Part I of a Series on Yugoslavia's Domestic Economy

BELGRADE, YUGOSLAVIA— In describing a country's economic system, it is, of course, distracting to harp on semantics. Nevertheless, when observers are unable to arrive at a definition, this may very well be the manifestation of a mixed economy.

A. Wilfred May

This seems eminently true of Yugoslavia today. The visiting investigator as well as the resident government official, is at a loss whether to call her system communist, socialist, collectivist, or syndicalist. Possibly — following disillusion over dostrinaire communism—she has actually zigzagged into a non-doctrinaire combination of all these elements; with a bit of market-economy coloration added in.

The difficulties of definition result partly from the regime's actual major failures in production and administration, both in industry and agriculture, which were experienced in their practicing of traditional communism—at least according to its version of Moscow's book.

The foremost economic line broached by Tito and his lieutenants consists of unceasing protestation that "Yugoslavia's is the true brand of Marxism in contrast to Moscow's perversion of communism through bureaucratic tyranny." The Yugos insist that the Kremlin is practicing state capitalism rather than communism.

Retreat From Bureaucracy

Stimulated by the failures of centralized bureaucracy which have been experienced in actual practice the regime set a definite change in its course to the embracing of major decentralization, and to "democratization" of industry and agriculture. Under slogans as "withering away of the state," "rediscovering socialism through capitalist methods," "free enterprise without capitalists," they are constituting the experimental laboratory for the attempt to glean the best from all systems.

Failure and Disillusionment

In both industry and agriculture did the communist techniques meet with failure. Talks with the country's economic authorities, both in and out of government, elicit the unanimous report that the bureaucracy, which never ceased to spawn, in the face of all of its central office super-planning, finally found it wholly impossible to coordinate production with the demand for goods. "We learned that the decisions of the market are needed in lieu of the decisions of the bureaucracy," a member of the economic ministry reported to me. Production either actually declined or at best remained sticky and unsatisfactory.

Price Control Fiasco

The results of the government's former price-controlling are typical and revealing. J. Daviso, Yugoslavia's "Leon Henderson" in charge of setting the prices, explained his difficulties to this correspondent at length. From 1945 through 1948 the government rigidly controlled every commodity and service. The state bureaucracy allotted raw materials to every factory, told it what to produce and in what quantities, and then directed distribution of the output. If price controls didn't work, the choice of consumer goods was experimentally but unsuccessfully varied.

Then "finding that it was impossible to fix the economic price on two to three hundred thousand items; that it was beyond the range of human possibility for this to work; that production was hurt despite authoritarian prodding; and despite the control of distribution"; it was found necessary — and popular — to de-control nearly all prices (even though this clashed with Moscow before the break in 1948). Now the government controls only nine items —oil, tobacco, matches, fats, sugar, bread, medical items, rents, and railroad rates. All other prices are determined by the workers' committees together with management in accordance with free market supply-and-demand.

Aura of Capitalism

In creating an *aura of capitalism* the regime has created numerous capitalistic devices. In the present set-up of the industrial enterprises no longer is profit *(zarada)* a dirty word. In the system of the workers' collectives hammered out since 1951 the "corporate" bookkeeping is carried on under the following divisions:

Sales		100%
Less Costs:		
Raw materials	20%	
Depreciation	5	
Interest	5	
		30
Revenue		70%
Less:		
Company tax (50%)		35
"Profit"		35%

Thus 35% of the gross revenue is used for wages and other purposes, or as plough-back of the enterprise.

Treatment of Wages

Taxes are taken out before wages. Basic wages are geared to income pursuant to consultation between the accounting department and the workers' committee. In the case of reduced earnings or losses, the basic wages are likely to be reduced, but are maintained above a floor of a State-prescribed minimum. In the advent of excess revenue, it is divided between supplements to the basic wage, and other purposes of the enterprise. This compensation technique is devised to appeal to the profit-sharing incentive.

The enterprises are regarded as quasi-autonomous trustees of state-owned capital equipment. The managing board, consists of 10 members appointed from the workers' councils. This board makes decisions on all problems which are not technical—a typical syndicalist method — whereas previously these decisions were handed down exclusively from the Economic Ministry in Belgrade.

Whereas until two years ago the government controlled all decisions regarding what to produce, where to sell, where to spend earnings, where to buy raw materials, with quotas for everything, now there is considerable freedom of decision for the worker-managers. With the elimination of bureaucracy around factories now, despite a 30% decline in the effective labor force, there is 30% more material produced.

Starting a Business

New enterprises are inaugurated in a number of ways. Frequently a plant is prompted by the existing collective's expansion of a new product—with the permission of the local authorities. Sometimes a new plant is authorized by local city managers and the municipality, perhaps using the municipality's own funds, or funds borrowed from the national bank. Or perhaps one of the republican governments (as Serbia or Croatia) may decide it needs a plant, and supplies the capital from its own funds. Or, on the other hand, the Federal Government may stimulate the idea that a new plant is needed, and appoint a committee to get it started.

The central bank's decisions on requests for new capital stems from long-term planning by the Federal Government, through Parliamentary committees — on which committees the workers are represented. This represents a sort of up-and-down decentralization.

More Incentives

In addition to the profit-sharing appeal, it has been found expedient to resort to constantly more numerous other incentives.

Overtime pay has been instituted at a rate 50% greater than for regular time.

Another capitalist device, the production bonus, is paid for output above established norms.

Also in offices incentive bonuses are paid to white collar workers.

There is patent law protection afforded to stimulate the incentive for invention.

In agriculture the individual can retain a strip of land — now limited to 10 hectares (about 24.7 acres)—for his own use.

And this writer can bear witness to the fact that the traditional capitalistic dodge of *tipping* is thoroughly welcomed by all and sundry here.

* * *

Yugoslavia's domestic economy, including its anti-capitalist aspects in industry and agriculture, will be further analyzed in this space next week.

Republicans' Unhappy Legacy— Inflation, Taxes, Interventionism

By WILLIAM H. PETERSON*

Professor of Economics, Polytechnic Institute of Brooklyn

Characterizing our economy as "schizophrenic," bad and good, sick and well, Dr. Peterson reviews current problems of Inflation, Taxes and Interventionism. Advocates recognition of the following economic principles: (1) government is not a Santa Claus; (2) government does not create money in a productive sense; (3) the standard of living is not advanced by political action, but only through ingenuity and savings; (4) high taxes put premium on dishonesty and discourage job-creating investment; and (5) a top-heavy government leads to inefficiency and abuses.

"It was the best of times,
It was the worst of times,
It was the age of wisdom,
It was the age of foolishness . . .
It was the spring of hope,
It was the winter of despair."

The words are Dickens' from the opening of his "A Tale of Two Cities," a description of Europe near the close of the 18th century, but the description fits the United States in 1953 all too well. For all the hopeful expectancy, the sense of direction and pride renewed, complacency on the economic home front is hardly justified in view of our continuing problems.

Dr. W. H. Peterson

Three particularly hard problems challenging the new Administration and all Americans are inflation, taxes, and interventionism. These problems are apparent when we diagnose our body politic and economic. It is a schizophrenic economy, bad and good, sick and well, we see before us. Here are a few conflicting straws:

The rate of unemployment has rarely been lower, the Bureau of Labor Statistics reporting an unemployment figure of about 1½ million, almost bedrock. But every fifth elderly person 65 or older is on relief, in all 2,700,000, victims of a tragic inflation, almost twice as many as at the worst of the Thirties.

Savings are running at an all-time high, the Bowery Savings Bank of New York, for example, just announcing that it has passed the one-billion mark. But this is the age of the 53¢ dollar, and estimates put the loss of savers who held their savings in such volatile form as bank deposits, savings bonds, and insurance policies during the past 12 years at upward of $200 billion in purchasing power, almost the cost to the U. S. of World War II.

What Is Inflation

Just what is inflation, the first of our three problems under our scrutiny? The economist describes inflation as the now all too familiar situation where too much money chases too few goods. In other words people are enabled to bid excess dollars and credit against an inadequate supply of goods and services. Result—price advances. So much so that the family earning $36 a week in 1939 needs $73.11 today to hold onto their original purchasing power. The family making $50 in '39 now requires $106.94 to match. $300 then calls for $870.48 today. True, many families are ahead in this deadly game of income-prices leapfrog but many more are not. Who is responsible for this state of affairs?

The maintenance of a sound money is a responsibility of government. The negligence of governments the world over in their chaotically free spending and abolition of the gold standard is pitiful. The once high and mighty pound sterling, the franc, the mark, the lire, the guilder, and now, alas, the dollar — all remember happier and prouder days. The Western World may well weigh the advice of the father of Communist Russia, Nicolai Lenin, to his successors, "The surest way to bring collapse to the capitalist countries is through the debauchery of their currency." Inflation is the other shoe of government deficits. A balanced budget, and we would be on our way back to sounder dollars.

Taxes — Second Great Problem

Taxes, our second great problem under examination, "needs no introduction." We know them too well. It was Chief Justice, John Marshall who in 1819 coined the dictum that "the power to tax is the power to destroy." Corporations have been grievously hurt by taxes. For if incorporated, companies pay the tax collector twice **on the same income.** First the corporation pays a tax on its earnings of up to 70%. And then the owners of the firm — the stockholders—pay a second tax of up to 92% on dividends declared from what profits remain. What better way to discourage needed investment in our nation's enterprise which could provide more jobs and better and cheaper goods?

Strange too that the government, openly professing to favor small business, hampers their growth so effectively. Mr. N. R. Caine, financial writer for the Scripps-Howard newspapers, wrote this past January, "The crippling effect of the high normal and excess profits rates, besides the strangulating undistributed profits tax, have compelled the small firm to seek outside capital to stay in business. These high tax rates impose an even greater hardship on the small company than on the larger ones."

Taxes are also aimed, with deadly accuracy, at those whose incomes are "unequal," i. e., the upper incomes. Enterprises and managers, the great "unequal," are so heavily taxed that many withdraw their invaluable services of risk-taking and management from the economy altogether. They "take a vacation" to the detriment of all. "In the democracy of the dead," said the late Senator John Ingalls, "all men are at last equal. There is neither rank nor station nor prerogative in the republic of the grave."

The case of England is a sample of the trend. In 1950 only 60 persons had incomes of £6,000 ($16,800) or more after paying their income taxes. The year before there had been 86 members of the dwindling elite corps. Yet, admit British revenue officials, the little fellows — 9,290,000 people earning between £5 and £10 a week ($14 to $28)—far and away pay most of the taxes. The U. S. is little different. You may ask, since confiscating middle and upper incomes does not contribute significantly to the Treasury, why is it done? Perhaps Economist Henry Hazlitt has the answer when he describes our times as the "age of envy."

But there is another danger in confiscation-by-tax besides the dimming of the traditional American dream of "getting rich." Professor Sumner Slichter of Harvard points out the pressing need of providing some seven billions of capital annually to keep pace with the 700,000 job-seekers coming to the labor force each year. (The 700,000 figure has been reduced to allow for the older persons retiring or otherwise leaving the labor force.) Yet capital arises out of but one source, savings. Thus it may well be that taxes obliterating savings may cause progressive unemployment and the diminution of our living standards.

Dr. Slichter writes moreover: "This country with its unrivaled facilities for increasing both output and effective demand can double average per capita income in just 30 years. No scheme of redistribution of national income can expect to achieve the good that would be accomplished by doubling the incomes of everyone. . . . The government is on weak moral grounds when it takes more than half of a man's income. The fact that buyers have paid him for his services is proof that he earned it."

Remember finally about taxes that most of it is not out-of-pocket. Rather most of the taxes we pay are "shifted" (passed on in the form of a higher price) to us indirectly, hidden. Two dollars and ninety-five cents of the $9.55 telephone bill goes to taxes. Five cents out of the 12-cent bar of soap goes to taxes. More than three cents out of the dime candy bar. Fourteen cents of the 27.5 cents for a gallon of gas goes to the government. Taxes are expensive, as well as deadly.

Interventionism

Thirdly and lastly, let us look at the formidable problem of interventionism, a problem now being grappled with by the new Administration. Professor Ludwig von Mises, Austrian economist now visiting at New York University and expert on the subject, says that the aim of interventionism is "the establishment of the mixed economy as a permanent system of economic management. The interventionists endeavor to restrain, to regulate, and to 'improve' capitalism by government interference with business."

Has interventionism been a hindrance to American businessmen? Two knowing witnesses are put forward: first, a government man; then secondly, a businessman. Lowell Mason, a commissioner of the Federal Trade Commission and self-styled "bureaucrat," recently stated: "American business is being harassed, bled, and even blackjacked under a crazy-quilt of laws, many of which are unintelligible, unenforceable, and unfair."

Second witness to the current state of interventionism is Benjamin Fairless, chairman of the board of United States Steel Corporation, who puts it differently: "When somebody in Washington starts telling me how much he loves the Free Enterprise system and how he proposes to save it from itself, I shake in my shoes. I wonder why it is that these self-appointed saviours of our national welfare always seem to

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*The substance of a talk delivered by Dr. Peterson before the Brooklyn Rotary Club, Brooklyn, N. Y.

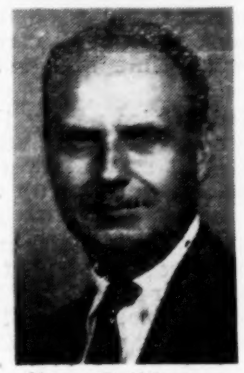
Another Look at Europe

By HOMER D. WHEATON

Clayton & Wheaton, Investment Advisors, New York City

Mr. Wheaton reports on a trip to Europe this year as a follow-up of last year's visit. Says Europe's economic problems are far from solved and discusses briefly situation in Germany, Holland and France. Says Americans are not sufficiently sensitive about needs in the psychological area.

In discussing conditions in Europe in the early summer of 1953 it is important not to give the impression that Europe's economic problems have largely been solved. That is far from the case. An immense amount remains to be done before Western Europeans will have an adequate standard of living. But the emphasis is now more properly upon the remarkable improvement in conditions since 1945, than upon the deficiencies which still remain, serious though some of them are.



Homer D. Wheaton

Germany is a case in point. The visitor is once again impressed by the untiring efforts Germans are making to reconstruct the country. Buildings are being erected on every hand, roads constructed, and railways are being improved and modernized. Labor works long hours and there is a spirit of confidence and optimism in the air. Industrially, the country is already the strongest in Europe; if once again it is permitted to rearm, once again it will be the most powerful. The question then will be: Can Germany live at peace with its neighbors? If some of the "neighbors" are dubious, Germany nevertheless is trying to regain her prewar strength as fast as possible. One phase of that program entails unifying the East and West Zones. Americans should not overlook the importance which Germans attach to unification nor underestimate the lengths to which they will go to accomplish it. It is part of their new dream of greatness.

Holland—In Holland, conditions are somewhat different. Just when the country was at the peak of its postwar recovery, came last winter's flood, with serious losses of human life, livestock, homes and goods. While many of those losses cannot be recouped for years, the Dutch had the solace of seeing how quickly friends in many nations offered money, clothing, and other needed items. It was an inspiring demonstration of international goodwill.

Meanwhile, internally, business is good, though not moving at quite the pace of 1952. Apparently the situation in Indonesia has not become worse, and the Dutch are trying hard to consolidate their position there and to work on a mutually satisfactory basis with the natives of those rich and important islands. Nearer at home, the main question in the minds of many Dutch bankers is whether the United States of America can continue its high rate of business activity throughout the next 12 months. There is some fear lest a letdown in America might produce a similar slowing up in Holland. That would be serious in a nation where there is already some unemployment and where the population (as in so many countries) is growing faster than new work opportunities.

Parenthetically, Holland is a particularly desirable country to visit, not only because of its long acknowledged beauty, cleanliness, good hotels, etc., but also because Dutch prices are substantially lower than in most adjacent countries. There is also the big advantage that nearly all Dutch can speak our language.

Switzerland remains its charming, tranquil, well-to-do self. The Banker of Europe, Switzerland has an influence far transcending her size, with financial knowledge and monetary connections unequalled except perhaps in London. Her long neutrality is no indication of any lack of interest in what is going on outside her borders, nor of any failure to discern right from wrong. It comes, rather, from a combination of geography and prudence. In their hearts the Swiss are solidly on the side of democracy and capitalism, both of which they have done so much to sustain and promote.

While the average Swiss may not yet be willing to admit that new types of warfare seem indirectly to have vitiated his country's age-old concept of neutrality, the fact remains that he is increasingly aware of a great change in this respect in case a new European war breaks out. He is, therefore, strongly disposed to favor every policy which appears likely to strengthen the moderate elements throughout Europe, to improve the financial status of Europeans in general, and to diminish the likelihood of war. On the whole, he regards the present trend of affairs in Europe as moving more toward than away from those objectives, yet realizes the ultimate decision may not lie with Western Europeans. Meanwhile, business in Switzerland is good and the Swiss are well pleased with our Government's recent decision not to raise the United States tariffs on Swiss watches, their most important export.

France—In order to understand the present position in France, it is necessary to recall that during the first postwar years Europeans concentrated upon improving the economic aspects of their lives. It was a matter then of building new homes and factories, finding and training new workers, obtaining seed for crops and importing animals to form the nucleus of new herds. Everywhere life had to start anew, often under the greatest handicaps.

The restoration of law and order was accompanied by the problem of reconstructing internal and international trade. Tens of millions of people were involved in reviving much that was traditional, and in adjusting to the new conditions of the first years of peace—years which found uncounted numbers in situations radically different from any they had known before 1939.

In 1945 the devastation was so widespread, the dislocation of economic forces so severe, and the lack of manpower, materials, and money so acute that few observers predicted the present improvement, even anticipating aid from the United States. Western Europeans have shown great courage, resourcefulness and initiative in rebuilding their lives after the most destructive war in history.

But the very restoration in the

economic sphere has produced serious problems of another type. For instance, as West Germany's industrial power has grown, so have French fears. France has reason to be afraid, for within 70 years Germany invaded her thrice and twice defeated her. Now France, adrift politically because of the factionalism of her internal Government, and harassed militarily by the cost in money and men of the war in Indo-China and by contributions to NATO, looks nervously east. If she seems once again to see German soldiers marching toward her, Americans should have sympathy for that sense of historical insecurity and for the frustration the French feel at having victory in 1945 turn gradually into profound uncertainty. And this is not all. Beyond Germany hovers another power, even more menacing; and the French are too shrewd politically to be oblivious to possible danger from that quarter.

The great need in France today is a strong moderate Government able to stay in power for some years. Its policies should include drastic measures to improve tax collections and equate tax payments to income. The franc must be made a hard currency commanding the respect of all who deal in it. Additionally, other United Nations members may be asked to assume part of the cost of the war in Indo-China.

These and other methods for restoring France's position as a world power are freely discussed in that country. It is only remarkable how much discussion leads to so little action, showing the psychological impasse into which France has drifted and illustrating also how, in a democracy, refusal of the various parties to form a workable coalition can paralyze the policy-making machinery. Whereas, when the war ended, the struggle for individual and national survival gave precedence to everything tangible like food, clothing, and shelter, the present tendency is for Frenchmen to make merely a gesture of disgust at the spectacle of a semi-bankrupt, impotent Government.

The many evidences of France's political travail should not obscure our realization of her great agricultural, industrial and artistic resources. Nor should we be unmindful of the well-deserved reputation for political sagacity which the French have had until recently. These essential elements in French national life provide a reason for optimism regarding the future.

Conclusion

Through Marshall Aid and other grants, the United States Government has shown itself aware of the economic problems in Europe, but Americans are not equally sensitive about opportunities or needs in the psychological area. Too few of our politicians know much about the history, customs, or attitudes of foreign nations and hence, because our power is so great, we are constantly making one-sided decisions which to a European do not seem founded on an adequate sense of teamwork with other countries. Our position in this respect is not aided by a disposition among influential Americans to criticize too freely and too openly. This particularly applies to some members of Congress, who often fail to realize how much harm can be done by unguarded or careless strictures of foreigners, or by passing ill-considered laws. The McCarran Act, for instance, has done us far more harm than good, and some of the investigations by Congressional Committees are causing grave mistrust of our methods by foreigners, who see in them an alarming affinity for the very Fascist doctrines Americans claim to despise.

In returning to the United States in the summer of 1953, one feels warranted in emphasizing the economic gains in Western Europe, gains which have been notably aided by American money, technical advice, and equipment. But, equally important in a fair appraisal of the present situation, are the mistakes we are making in the psychological sphere. They are causing our European friends much concern and have undoubtedly lost us considerable good-will.

In the present struggle for world power it is of the utmost importance for the United States to be aware of its shortcomings in this vital respect, as otherwise we may not apply in time the remedial action lying within our power.

With Real Property Inv.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Edna Shulman has joined the staff of Real Property Investments, Inc., 233 South Beverly Drive.

Lester, Ryons Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — John Cosmo Tanza has become affiliated with Lester, Ryons & Co., 623 South Hope Street, members of the New York and Los Angeles Stock Exchanges.

With Standard Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — William Livingston has become connected with Standard Investment Co. of California, 87 South Lake Avenue. He was formerly with Floyd A. Allen & Co.

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Banks and Trust Companies of New York—85th consecutive quarterly comparison—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Insurance and Bank Stocks—Tabulation—White & Company, Mississippi Valley Building, St. Louis 1, Mo.

Mutual Funds Legal in Pennsylvania—Summary of recently enacted Pennsylvania legislation making shares of leading mutual funds legal for trust investment in that state—Wellington Company, 1630 Locust Street, Philadelphia 3, Pa.

New York City Bank Stocks—Comparison and analysis of 17 issues as of June 30, 1953—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

New York City Banks—Comparative analysis of earnings—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y. Also available is a table of comparative values of New York City Bank Stocks.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period—National Quotation Bureau, Inc., 46 Front Street, New York 4, New York.

Winning in Wall Street—Ira U. Cobleigh—$2.00 per copy—Dept. 7, David McKay Company, Inc., 225 Park Avenue, New York 17, N. Y.

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Allied Paper Mills—Data—Moreland & Co., Penobscot Building, Detroit 26, Mich.

American Hawaiian Steamship Company — Review — Sutro Bros. & Co., 120 Broadway, New York 5, N. Y. Also available is a brief review of **Webb & Knapp, Inc.**

Central Maine Power Co.—Analysis—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

Clinton Foods, Inc.—Data—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y. In the same bulletin are data on **Curtis-Wright Co., Greyhound Corp., Marshall Field & Co., Public Service Electric & Gas,** and **Wheeling Steel Corp.**

Allen B. Du Mont Laboratories, Inc.—Bulletin—de Witt Conklin Organization, 100 Broadway, New York 5, N. Y. Also available is a bulletin on **Eastern Industries, Inc.**

Thomas A. Edison, Inc.—Memorandum—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

Elgin Watch Co.—Memorandum—David A. Noyes & Co., 208 South La Salle Street, Chicago 4, Ill. Also available is a memorandum on **Montgomery Ward.**

Hart & Cooley — Memorandum — Barnes, Bodell & Goodwin, 257 Church Street, New Haven 10, Conn. Also available are memoranda on **Kellogg Co.** and **Seaboard Finance Co.**

Illinois Central Railroad Company—Analysis (railroad bulletin No. 130)—Smith, Barney & Co., 14 Wall Street, New York 5, N. Y. Also available are a tabulation of **Railroad Earnings** (Bulletin No. 133) and memoranda on **Richfield Oil Corp., Shamrock Oil & Gas Corp.,** and **Texas Pacific Coal & Oil Co.**

Mitsubishi-Zaibatsu Affiliated Commerical Companies—Data—in current issue of "Weekly Stock Bulletin"—The Nikko Securities Co., Ltd., 4, 1-chome, Marunouchi, Chiyoda-ku, Tokyo, Japan. In the same issue is a tabulation of new Japanese share offerings.

Newport Steel Corporation—Analysis—L. H. Rothchild & Co., 52 Wall Street, New York 5, N. Y.

Owens Illinois Glass Company — Data in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is a list of high yield common stocks.

Rainbow Oil Limited—Report—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Riverside Cement Company—New analysis (Report C-20)—Lerner & Co., 10 Post Office Square, Boston 9, Mass.

Rutland Railway Corporation—Analysis—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Safeway Stores — Memorandum — Auchincloss, Parker & Redpath, 52 Wall Street, New York 5, N. Y.

St. Regis Paper Company—Analysis—American Securities Corporation, 25 Broad Street, New York 4, N. Y.

Scranton Spring Water Co. — Analysis — Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Seneca Oil—Report—De Pasquale Co., 55 William Street, New York 5, N. Y. Also available is a memorandum on **Acme Industries, Inc.**

Sierra Pacific Power Co. — Memorandum — First California Company, 300 Montgomery Street, San Francisco 20, Calif.

Standard Paving & Materials Limited—Analysis—R. A. Daly & Co., 44 King Street, West, Toronto 1, Ont., Canada.

Steel Company of Canada Limited—Review—James Richardson & Sons, 173 Portage Avenue, East, Winnipeg, and Royal Bank Building, Toronto, Canada.

Stromberg-Carlson Company—Analysis—Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y.

Suburban Propane Gas Corporation—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Texas Co.—Memorandum—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available is a memorandum on **Warner & Swasey Co.**

Trinity Universal Insurance Company—Analysis—Sanders & Newsom, Republic Bank Building, Dallas 1, Tex.

Ute Royalty Corp.—Information—W. D. Nebeker & Co., Pacific National Life Building, Salt Lake City 10, Utah. Also available is information on **Utana Basins Oil and English Oil.**

Vulcan Mold & Iron Co.—Memorandum—Kentucky Company, Louisville Trust Building, Louisville 2, Ky.

Wisconsin Central—Analysis—Goodbody & Co., 115 Broadway, New York 5, N. Y. Also available is a bulletin on **Firth Sterling,** data on manufacturers of TV tubes, a leaflet on **Strong Cobb,** and a memorandum on **Warren Bros. Co.**

Brady Chairman of Fundamental Inv., Inc.

The Directors of Fundamental Investors, Inc. and Investors Management Fund, Inc., today elected Wm. Gage Brady, Jr., as Chairman of their respective boards. These mutual investment companies have assets in excess of $155,000,000. George Emlen Roosevelt is Board Chairman of Investors Management Company, Inc., which supervises the investments of the mutual funds.

Wm. Gage Brady, Jr.

William J. Blake With A. G. Edwards & Sons

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — William J. Blake has become associated with A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges. He was formerly Manager of the trading department of Fusz-Schmelzle & Co. for many years.

William J. Blake

With Allan Blair Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Francis P. O'Connor is with Allan Blair & Co., 135 South La Salle Street. He was previously with Blunt Ellis & Simmons.

David Noyes Adds Two

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John T. Coyne and Theodore Meyers are now with David A. Noyes & Co., 208 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Remer, Mitchell Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Adolph C. Zarbock has joined the staff of Remer, Mitchell & Reitzel, Inc., 208 South La Salle Street.

Joins F. S. Moseley

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—George R. Rice has become associated with F. S. Moseley & Co., 135 South La Salle Street. Mr. Rice, who has been in La Salle Street for many years, was formerly with Reynolds & Co.

Lamson Bros. Add

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Frederick C. Sealy has been added to the staff of Lamson Bros. & Co., 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges.

Joins Field, Richards

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Williard E. Carmel has become connected with Field, Richards & Co., Union Commerce Building.

John C. Curran With Singer, Deane Firm

Singer, Deane & Scribner of Pittsburgh, Pa., members of the New York Stock Exchange, have announced the appointment of John C. Curran as resident manager of their New York office, 111 Broadway. Mr. Curran was formerly with Dreyfus & Co. and W. C. Langley & Co.

R. M. Coutts With John Nuveen & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Ronald M. Coutts has become associated with John Nuveen & Co., 135 South La Salle Street. Mr. Coutts was formerly with Blyth & Co., Inc. and prior thereto was in the trading department of A. C. Allyn & Co., Inc.

Financial Libraries Elect New Officers

CHICAGO, Ill. — The Financial Division of Special Libraries Association elected the following officers for the year 1953-54 at its annual meeting in Toronto, Canada: Chairman, Louise L. McElroy of Clark, Dodge & Co., New York; Vice-Chairman, Josephine Festa, and Secretary-Treasurer, Catharyn R. Suydam of Chase National Bank of the City of New York.

Barnett Faroll Joins Francis I. du Pont Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Barnett Faroll has become associated with Francis I. du Pont & Co., 208 South La Salle Street. Mr. Faroll formerly for many years was a partner in Faroll & Co.

Two With First Boston

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Hazen S. Arnold Jr. and Randolph D. Bucey have become associated with The First Boston Corp., 231 South La Salle Street. Mr. Arnold was previously with the Illinois Co.

Freehling, Meyerhoff Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Lawrence E. Abt is with Freehling, Meyerhoff & Co., 120 South La Salle Street, members of the New York and Midwest Stock Exchanges. In the past he was with Bear, Stearns & Co.

2 With McMahon Hoban

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — William J. Hoffmann, Jr. and John M. Sherly have become associated with McMahon & Hoban, Inc., 105 South La Salle Street. Mr. Sherly has recently been with Taylor & Co. In the past he was with McMahon & Hoban.

With Walston Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Russell A. Nelson has become connected with Walston & Co., 265 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

With H. L. Emerson Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Victor C. Poporad has been added to the staff of H. L. Emerson & Co., Incorporated, Union Commerce Building, members of the Midwest Stock Exchange.

With Westheimer Co.

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — John E. Smith is now connected with Westheimer & Company, 30 East Broad Street.

Why We Should Restore The Gold Standard

By HON. STYLES BRIDGES*
United States Senator from New Hampshire

Senator Bridges, in urging support of a bill to restore the Gold Standard, refers to the pledge in the 1952 Republican Party platform to "restore sound money freely convertible into gold coin." Says "time to mend our ways is right now," though admitting no action can be taken until next year. Ascribes inflation to deficit spending and monetization of public debt, and points out we must strengthen confidence in the nation's currency and its securities.

I

When the Policy Committee of the Republican Party met in Chicago last July to formulate the platform on which the Party proposed to stand for election, there was included in that platform two promises: (1) to curb inflation, and (2) to restore sound money freely convertible into gold coin. Unfortunately, prompt fulfillment of these promises was predicated on revenue estimates, prepared by the last Administration, which seriously overstated the revenue.

Sen. Styles Bridges

As a result, we now face a temporary situation during which, in order to meet previously-made commitments, we cannot completely fulfill the first of these promises as soon as we should like to. This also means that we cannot take immediate action on the second promise—the restoration of gold-convertible currency.

Although it is generally recognized that it is impractical to take this step at this time, it is not only practical but our moral duty to make a beginning. At this time foreign interests have the right to convert their dollars into gold and I feel very strongly that the American people should have the same opportunity.

Even though we do not know the exact time that this restoration can take place most advantageously, we can start the study and plan the hearings that must precede the actual fulfillment.

For this reason, I am introducing a bill to provide the basis for such study and such hearings.

As nearly as any living man can determine, the high cost of national defense may be with us for the rest of our lives.

Obviously, therefore, a responsible government must face the facts, stop regarding the problem as a temporary emergency, and formulate a sound fiscal policy.

In order to get the right perspective on this problem, I shall review the net results of the national policy for the past 13 years.

As we know, one result of this policy is that the United States dollar is now worth 50c, compared with its 1935-39 value.

I believe that we are all agreed that what has been causing this decline must be stopped.

The cause has been attributed to high prices.

High prices have been attributed to high wages.

High wages have been attributed to high cost of living.

But the high cost of living consists of high prices; so we wind up exactly where we started without getting nearer to the truth.

The answer lies in the question, "What is a price?"

A price is the amount that a customer is willing to give up for something.

What decides how much the customer will give up?

The amount of money the customer has available to spend on that particular thing.

That brings us to one of the most stubborn facts of life: in order to have stable prices, the supply of money must not exceed the supply of goods.

During the past 13 years the money supply of the United States has more than tripled.

This means that the devil we are looking for is the inflationary money that has been injected into the economic blood-stream.

The people did not do this by bidding up the price of goods.

Businessmen did not do this by raising prices.

Labor unions did not do this by forcing up wages.

Government did it, in the first instance, by adding to the money supply faster than business could add to the supply of goods.

This money is not the money we borrowed from the people through the sale of bonds, nor is it the money that we obtained from insurance companies and savings banks; it is the money we caused to be newly created for government use by the commercial checking banks.

The amount still in circulation today resulting from monetization of government debt is about $45,000,000,000.

Just as we can temporarily abuse our physical body during emergencies, we can abuse our economic body during emergencies and get away with it for a while.

But we can't get away with it forever; the emergency is over, and we now face an indefinite period during which the economy must remain on a basis of military preparedness.

Whatever we do must be compatible with long-range survival.

II

Now, let's see what might have been had we financed government expenses on another basis.

I would like to remind this body of an old, but almost forgotten truth, by reading a few sentences from a little primer on money which came to my attention some time ago.

This particular passage is entitled: "The Cost of War Is Not Money," and it goes as follows:

"The economic cost of fighting a war, although measured in money, **is not** money: it is used up goods and services.

"Certain things are needed by the armed services, and because they must be taken from the people, the nation suffers a 'lower scale of living.'

"For example, in World War II, about 50% of the national production was purchased by government.

"But taxes were not 50%; they were only about 30%, leaving the people about 70% of their income.

"If the people and the government had been willing to face up to the real cost of war, that is, if taxes had been at the rate of 50%, the nation would have been on a pay-as-you-fight basis, and there would be no war debt.

"This pay-as-you-fight plan would not have penalized the people because they could have bought the same quantity and quality of goods and services with the remaining 50% of their incomes as they bought with the 70%.

"For government to take away goods and services without taking away the money paid out for their production, only conceals the true cost of government and creates unnecessary debt."

As will be remembered, the impact of serious inflation did not strike until after the war because of two factors: first, the people were urged to save their money until the shooting stopped, and second, there was very little to buy with the money anyway.

We can no longer expect such extraordinary cooperation from the people: the spirit of patriotism that made the population willing to hold back their purchases until consumer production could be increased cannot be made a permanent factor: we must now face the fact that when an American worker earns some money, he wants to buy something with it.

The time to mend our ways is right now.

In 1954 we face another deficit, another increase in debt, and another increase in the service charges.

I know of no one who does not agree that sooner or later this policy must be discontinued — that not even an economy as robust and dynamic as ours can endure this abuse indefinitely.

There are many who have been willing to procrastinate rather than face the issue.

We are not the first government to have done this in time of war, but we can and must stop.

III

Let use see who, if any, among our citizens has benefited from the 50c dollar.

There is no doubt that for many years the members of the government and the Administration enjoyed an extra measure of public support because the **extra** dollars jingling in the people's pockets were very helpful in creating the feeling of "we never had it so good."

But that day is over: the people now want sound money.

How about the farmer, the factory workers, the white collar workers, the self-employed, the old folks, etc.?

There can be no doubt that in its early stages inflation is fun: it is like living on a charge account.

Everybody has more dollars: there is a sort of festive feeling of irresponsibility and freedom from reality.

The government is in good standing wtih the people because it seems to have lightened the burden of taxation.

It is not until the inevitable rise in prices has snatched away this apparent gain that the hard facts of cheap money strike home.

The first people to feel the pinch are those living on fixed incomes—the old-folks suffer most because what they thought to be a sufficient amount to live out their lives in comfort becomes a bitter pittance that must be supplemented by work or charity.

We can all remember the day when $65.00 a month in social security was considered a pretty good pension.

Then there are the public servants—the postmen, firemen, policemen, school teachers — whose income goes up very slowly during times of inflation.

There are some people, of course, who have the power to keep abreast of the tide—such as organized labor.

But even this group is getting fed up with inflation.

Regarding the benefit to the people as a whole, there was last year an interesting analysis by Dr. Ruttenberg of the CIO, in which he said: "Despite the higher levels of employment, the real rise in total disposable personal income of the American people, measured in actual buying power, hardly exceeded 2%. . ."

As we know, our traditional rate of improvement in productiv-

Continued on page 23

*A statement made by Sen. Bridges in relation to bill he introduced in the Senate, July 13, 1953 to restore the United States to a gold standard currency.

Financing Canada's Industrial Expansion

By J. R. MEGGESON*
President, J. R. Meggeson & Co., Ltd.
Securities Dealers, Toronto, Can.

After describing major activities of the member firms of the Investment Dealers' Association of Canada, Mr. Meggeson discusses financial conditions in Canada, and expresses general belief second half of current century should see more and more progress in the country. Calls for cautious optimism, however, and recognition that economic prosperity never goes continuously upward. Lists as developments investment dealers are now watching: (1) inventories and instalment sales; (2) working capital; and (3) earnings. Indicates needs and methods to be followed in financing further industrial expansion in Canada.

My purpose in being here today is to briefly interpret an investment viewpoint of the current position of industry, and its financial problems of expansion. In the process, it is conceivable that some of these views will not meet with popular acclaim, and may be considered as unpalatable, and even reactionary. However, I understand this conference was called to listen to various opinions on general business conditions, all of which you may accept or reject. I cannot, therefore, fulfill my obligation to you unless I am frank in what I say, and not merely say the things which will obviously please you.

J. R. Meggeson

Investment Dealers' Association of Canada

As background for my remarks I should explain that the organization I represent has a membership of 410 head offices and branches, operating in every Province from Victoria, British Columbia to St. John's Newfoundland. This group is known as the Investment Dealers' Association of Canada.

The major activities of our member firms could be described under two principal headings. First, the underwriting of new issues of government, municipal and industrial securities, which are subsequently distributed to investors. Second, to provide or locate resale markets for practically all outstanding securities in these various categories.

The scope of recent new financing was of considerable magnitude. In 1952 $1,043,301,000 of government and municipal bonds, and $1,175,895,000 of industrial bonds and shares were issued by Canadian corporations. During the first quarter of this year new bond and debenture issues alone totaled $459,513,000. Among the industrial borrowers of $10,000,000 or more, during this 15-month period, we find the following:

Bell Telephone Co. $40,000,000; British American Oil $20,000,000; B. C. Electric $15,000,000; C. P. R. $35,000,000; Simpsons Limited $30,000,000; St. Lawrence Corp. $22,000,000. These were all new bond or debenture issues, and those cited are given merely as examples to indicate the composition of the whole.

Operating this type of business, the Investment Dealer is a cautious optimist. Cautious, because when he underwrites securities, he risks his own money and assumes a large liability. This liability he will endeavor to pass on piecemeal to investors who, in turn, rely upon his caution. However, once having exercised maximum care in his underwritings, the dealer must be optimistic, if he is to successfully resell the securities. In other words, he must be convinced that his purchasing judgment was sound, and be satisfied that the purpose for which the money is being raised will produce a compensating improvement in the assets and earnings of the borrower.

Practising these activities obviously requires that the dealer keep constantly informed as to business trends, world-wide and domestic money markets, and the general financial position of all branches of Canadian Industry.

I think it is safe to say that none of our members view the present business situation with alarm. In fact, we join in the general belief that the second half of the current century should see more and more progress made in our country. However, we do recognize that the line of economic prosperity never goes continuously upward, and that we could experience several dips and levelling out periods, some of which may last long enough to be discouraging, and even embarrassing, to those who have not kept their financial affairs continuously in good order.

At the moment, from an investment standpoint, we are carefully watching industry's position on several points, the first of which is Inventory, in relation to Instalment Sales.

*An address by Mr. Meggeson to members of the Canadian Manufacturers' Association, Toronto, Can.

Inventories and Instalment Sales

Manufacturing inventories in Canada have, for some time, been reaching up to new high levels. The authoritative figure for these is $3,870,500,000 as of March 31 last; up $150,400,000 during the prior 12 months. These figures do retail or other levels, and apply only to manufacturers. From Washington, we are told that the gross inventory position stood at $76,600,000,000 on March 31; up $1,400,000,000 from the same date in 1952. Both these increases, which are not large percentagewise, could be accounted for by the comparatively higher costs of finished products, and may represent no advance in the stock of raw materials, finished goods, or work in process. However, there are numerous business factors which impel us to watch this comparatively high inventory position quite closely.

One of these factors is the volume of instalment sales, upon which the unpaid balances in Canada are now estimated to total over $1,500,000,000. To put this figure in its correct perspective we must deal with it on a comparative basis. Since March of last year, these debit balances on purchased goods have increased by 50% or more, and the distribution of these extra goods has still left manufacturing inventories with an increased dollar total. Is it not logical to assume, therefore, that to absorb the current rate of manufacturing production, it will be necessary to have a further increase in the rate of instalment selling? How far this debit balance buying can be continued without endangering the credit of the seller, as well as the buyer, is a matter of conjecture, but signs are not lacking that the urge to make many sales, rather than the soundness of such sales, has become of primary importance to many retailers.

Working Capital

Next, we are watching working capital, the life blood of any business. More today than perhaps at any time in recent business history it is necessary to maintain this net cash position at a satisfactory and liquid level. While there are many definitions and ratios provided for working capital measurement, perhaps the most practical yardstick for the average business could be described by saying, that moderate bank borrowings are permissible at peak inventory periods, provided there is a substantial cash balance when inventory is at its lowest seasonal ebb.

There are only two principal sources from which to accumulate working capital during business operations. These are retained net earnings, after payment of taxes and dividends, and the accrual of depreciation charged against fixed assets.

From an investment standpoint we are continuously concerned with this position. To offset the current advanced cost of finished products, the dollar requirements for inventories have advanced considerably. Similarly, accounts receivable are at a higher level and require additional financing. Then again there is the replacement, or modernization of fixed assets, to be considered.

In the main, therefore, cash assets which were quite satisfactory several years ago are far from adequate now, and intelligent attention to this vital business requirement could mean the difference between comfortable, and very uncomfortable, business operations in the future.

Before leaving this subject, as an investment dealer, I should mention the importance of avoiding one easily miscalculated move. Money raising markets are never stable, and it is most unwise to proceed with capital expenditures before the ultimate financing has been arranged. Too often, such ill advised action results in working capital becoming seriously depleted, and in the paying of borrowing costs considerably higher than anticipated.

In a broad way, spread over business as a whole, working capital is being maintained, and shows an estimated 4% increase at the 1952 year end over 1951.

Earnings

We now turn to the final outcome of all business operations; the subject of net earnings.

We know that 1952 business activity was at a quite high level. We also know that inventories were, at least, fully maintained; and we know that business had the advantage of a much increased volume of instalment sales. These were comparatively favorable factors but, unfortunately, it is estimated that the general level of Canadian company net earnings was down in 1952 almost 10% from 1951. These results were not localized here. The London "Economist" reports an approximate comparative drop in trading profits, from selected United Kingdom firms, of over 8%; and from the United States there is a report that the profit margin per sales dollar was down from 6.2 to 5.6. Of course some industries were more prosperous than others, but these figures, covering general business activity, do give us food for thought and indicate need for a survey of our own individual situations.

While rising costs have undoubtedly been responsible for some of this profit contraction, it could be that we are now really into a buyer's market. If so, then economy in costs is of more importance than ever and a return to the old principles of prudence and thrift might be in order.

The pleading, which comes from all directions, to have governments eliminate extravagance to avoid wasting tax-payers money, might well be heeded by business, in which shareholders' money is involved.

When we think of controllable costs, is it not possible that some phases of industry are extravagant under several headings particularly those of public relations, com- not include inventory totals at the petitive sales programs, and the excessively detailed organization of business operations? Quite often we hear of figure perfect efficiency which demands so detailed a system of records and reporting, and a staff of executives and statisticians, that the mere maintenance of the system is a major operation. Perhaps such perfect organization can defeat its own objective of economical costs, by virtue of its own weight.

While there has perhaps been a tendency to explain questionable expense on the basis that about one-half such cost would otherwise go in taxes, let us not forget one simple fact. The more expense we save, the more net income we earn, and the more taxes we pay; but the more taxes we pay, the greater the possibility of reduction in rates of levy, as Governmental revenues increase proportionately. It is always possible that we might even economize our way out of current high Income Tax rates, if both business and taxing bodies carefully questioned their controllable expense items.

Financing Industry

We now turn to the needs and methods of financing further industrial expansion.

There is no question as to the need and as some definite indication of this, we have the statement of the President of the Canadian Pacific Railway Co., at the annual meeting held early this month, to the effect that the railway should spend $475,000,000 on capital improvements and additions during the next five years.

This money, and the many other hundreds of millions which will probably be required across the country, must be found. We are told that 85% of our recent capital expansion has so far been financed in Canada, and this is partially borne out by the security underwriting figures quoted previously. However, while all new issues of industrial securities have so far been satisfactorily absorbed, a rise in interest rates has occurred. This was unavoidable, and to be expected as the demand for investment money assumed an accelerated pace.

Comparatively higher interest rates for industrial borrowings are the rule, rather than the exception, in an expanding economy. The last protracted period of major capital expansion in Canada occurred in the 1920's and, while there is no thought of comparing business conditions then with now, it is interesting to survey interest rates on capital during that period, when there was an apparent shortage of funds readily available for the purpose. Despite the business optimism which prevailed at that time, with business leaders confirmed in the thought that we were in a new and prosperous era, the following security issues were offered to the public between January, 1928, and June, 1929:

Six percent first mortgage bonds were offered and sold by such firms as: Famous Players Canadian Corporation, Great Lakes Paper Co., Western Steel Products and several others.

Six and one-half percent preferred shares were issued by Simpsons Limited and Dominion Tar & Chemical Co. and these offerings were accompanied by a percentage bonus of common stock.

Seven percent preferred shares were created by International Power Co. and Toronto Elevators Co. Ltd.

It should be understood that these are merely examples, taken at random, to indicate the industrial money rates of the period.

However, at current money rates and taxation levies, one of the major problems the Investment Dealer faces today is that of persuading reluctant dollars to go to work. There is no shortage of idle money on deposit in our Chartered Banks with savings accounts totaling $5,067,000,000 on March 31, last. However, it should be appreciated that a large portion of these savings belong to individuals with no investment experience, other than perhaps the purchase of Victory Bonds during the war. Unfortunately many of these have become unusually timid since the recent drop below par of Victory Bond prices; not realizing that interest rates do change, regardless of Governments, and that bond prices do fluctuate in proportion.

In a serious endeavor to have these potential investors become better informed, our Association, some years ago, embarked upon a public educational program.

Today, in every important city, our members maintain a panel of speakers available for discussions

Continued on page 30

THE MARKET . . . AND YOU

By WALLACE STREETE

The stock market continued to confound its followers this week, particularly those who have been most strident about the most regular of market cycles—the "summer rally." While enough progress has been made from the June lows to constitute a rally, at least technically, it certainly has been an anemic one at best and not calculated to dispel much of the bearish gloom that is around.

* * *

Something of a jolt was the rather sizable one-day decline that started off the week. This buffeting, while blamed on Korea and defense cutbacks, seems mostly to have been an internal matter since all the facets of the armistice have been around long enough so that the market has had all the opportunity it normally needs to discount events of the immediate future. This is particularly true since it is now a full three months since the last of the four selling waves with a late ticker that greeted the original resumption of negotiations.

* * *

The Disappointing Rails

The more than $2.50 clipped from the industrials in the initial session was the most decisive turn either way since mid-June when the list rebounded after posting new lows for the year. Rails fared little better; their trim was of equal scope. This highly-touted section of the list, while outperforming the other divisions, has made only a few faltering steps toward the great things predicted for it so often this year by the analysts.

* * *

Rail earnings have come close to all the optimistic expectations and are, in some cases, properly described as fabulous. But from a tape watcher's point of view, investors generally seem to pay attention to specific issues only when it becomes "official" that some of the lush profits are to be passed down the line to the stockholders. There has been no rush by the managements to do this, however.

* * *

Illinois Central's meager $3.50 payment last year out of earnings of $15.50 and its current indicated dividend rate of $4, earned in full for the year as long ago as early in April, is a perennial subject of discussion in the board rooms. Rock Island's brand new increase to $1.25 quarterly, against $1 previously — which, even at the new rate had been earned for a full year by April—is another pet topic. The road officials who bemoan the low state of the market that makes equity capital too expensive for consideration would seem in line for a rather important share of the blame themselves.

* * *

From the technical side, the market is in no serious jeopardy at the moment with a cushion of around half a dozen points before the industrials reach critical levels and the rails almost as far above the mark that would call for a reapprasial of the entire market.

* * *

Prospects for August

Despite this normally comfortable lead, the talk of the market students has suddenly veered away from the summer rally to a great extent and the prospects for August are being bandied about. This would indicate that the majority opinion is that new lows could be made this month for an extreme view, or that the rest of the month will be a trading market to the point where it offers little promising. For a clan that preserves a cheerful facade come what may, this is deep pessimism.

* * *

Contributing in good measure to the dour outlook in stock market circles is the continued decline of volume which already has brought red ink back to the brokers' ledgers. It is now more than a full month since as much as a million and a half shares were traded on one day. The lows for the year were made on a volume of 1,375,755, which could hardly be classified as climactic. And of late the decline has continued on a pattern of volume struggling across the million share mark only about once a week, at least until this week.

* * *

A minority of brokers trace part of this inaction to the lack of margin trading in recent years. Even with some appreciable declines in popular issues, stockholders have found no great compulsion to sell out and are content to collect their dividends and hope their issues will someday get back to where they can break even. The lack of chart selling when support levels have been breached recently tends to bear this out.

* * *

Speculation Scant

Also apparent is that speculation is conspicuously absent. The prices of many issues reflect this condition markedly. Blue chips with their splits and dividend hikes in recent years, have been doing well but the secondary issues that get their lift far more from high hopes and general optimism, are lagging badly. In a rundown of 941 of the more active common issues, Edmund W. Tabell, of Walston & Co., has found 614 selling below their 1946 highs despite the fact that the industrial average is some 50 points higher at present. Out of the total, only 262 issues are higher than in 1946 and still above the 1951 lows.

For a random illustration, American Machine & Foundry, now around 22, was in enough demand seven years ago to command a price of 45. Erie Railroad, long time speculative favorite, is around 19 now and paying dividends but was worth 23 while not making payments in 1946.

* * *

International Telephone, with the same improvement in its payment fortunes, has had trouble staying above 16 recently, yet sold without any yield above 30 in what seems to have been the last widespread speculative play of the last decade or more. Even American Tobacco, on the quality end of the list, nudged par in 1946 despite the squeezes of wartime controls, but has failed by some 25 points of attaining that mark recently.

About the best performance so far this year has been that of the movie issues on their 3-D prospects which have yet to prove a real solution. As a matter of fact, there's a semi-annual guessing game on stock prospects which a handful of analysts go through every six months. The first half title was taken by N. Leonard Jarvis, of Hayden, Stone & Co., largely because he included National Theatres in his five-stock portfolio.

* * *

An indication of some of the difficulties faced so far this year in the market is that out of the 20 professionals participating in this particular game, only nine showed appreciation for the six months against 11 that showed losses on their selections.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Floyd W. Sanders Joins White, Weld & Co.

CHICAGO, Ill.—Floyd W. Sanders has become associated with White, Weld & Co., 231 South La Salle Street. Mr. Sanders was formerly Manager of the municipal department for the Chicago office of Smith, Barney & Co., with which he had been associated for many years.

Joseph Mittelman Opens

Joseph F. Mittelman is engaging in a securities business from offices at 20 East 74th Street, New York City. He was formerly President of Mittelman-Spies.

Ernest A. Mayer Now With Cruttenden Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Ernest A. Mayer has become associated with Cruttenden & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Mayer was formerly in the trading department of Ames, Emerich & Co., Inc. and prior thereto was a partner in Dayton & Gernon.

Ernest A. Mayer

Kerbs, Haney & Co. To Be Formed in N. Y.

Effective July 23 Kerbs, Haney & Co. will be formed with offices at 39 Broadway, New York City. Partners of the new firm, which will be a member of the New York Stock Exchange, will be Edward A. Kerbs and George J. Haney, general partners, and James P. Haney and Louis A. Haney, limited partners. Mr. Kerbs and Mr. Reilly are partners in Kling & Co. Mr. Kerbs will hold the firm's Exchange membership.

With R. A. Harrison

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—John N. Waltz has become affiliated with Richard A. Harrison, 2200 Sixteenth Street.

Form Rose & Co.

DENVER, Colo.—Rose and Co. has been formed with offices in the Majestic Building to engage in a securities business.

SEC Reports Savings Still on Uptrend

Estimates individuals saved $2½ billion in liquid form in first quarter of 1953, highest for this period in any postwar year. Finds installment credit expanding.

According to estimates made by the Securities and Exchange Commission, individuals saved $2.5 billion in liquid form during the first quarter of 1953. This rate of saving the SEC states was slightly higher than in the first quarter of 1952 and was the highest for any first quarter of the postwar period. Following the usual pattern, liquid saving was substantially less than in the fourth quarter of 1952, primarily reflecting payment of income taxes.

The composition of saving in the first quarter differed slightly from that of the same period last year. While saving of the more permanent types, such as savings accounts in banks, insurance, and purchase of shares in savings and loan associations, continued at or near the high rates of recent periods, individuals' investments in securities—mainly United States Government bonds—were greater than at any time since the first quarter of 1947. Offsetting the rise in these liquid asset holdings, individuals increased their mortgage indebtedness somewhat more than in the first quarter of last year, and instead of the usual first quarter repayment of consumer debt, expanded their aggregate installment indebtedness.

Individuals' net investments in U. S. Government issues rose by $1.8 billion during the first quarter of 1953. This increase reflects a substantial liquidation of government securities by institutions, chiefly commercial banks, and includes an increase of $400 million in individuals' holdings of U. S. Savings Bonds. In the corresponding period of 1952 there was an increase of $100 million in holdings of Savings Bonds.

Corporate stocks and bonds purchased by individuals in the first three months of this year amounted to over $600 million, compared with $1.0 billion in the preceding quarter and $900 million in the first quarter of 1952. The lower amount of corporate security purchases relative to the fourth quarter mainly reflected the smaller volume of securities offerings in the first three months of 1953. Of total corporate securities purchased by individuals in the first quarter of this year, somewhat under $200 million were bonds and notes, and somewhat under $500 million were common and preferred stock issues.

Although a large volume of state and local securities was marketed during the first quarter it is estimated that institutional investors absorbed almost all of the new issues.

The usual seasonal contraction in individuals' holdings of currency and demand deposits in banks took place during the first quarter. Currency holdings were reduced by almost $250 million, while demand deposits were drawn down by $2.2 billion. Individuals' time and saving deposits in banks rose by over $900 million, compared with $1.2 billion in the preceding quarter, and $1.0 billion in the first quarter of 1952. During the first quarter investments in shares of savings and loan associations, net of withdrawals, amounted to over $900 million, almost as high as the record $1.0 billion of the preceding quarter.

In addition, individuals' saving in insurance, including private life insurance and Government pension reserves, such as Social Security funds, amounted to $2.2 billion. In the first quarter of 1952 saving in insurance was about $200 million higher; the lower figure this year was due to less saving in the form of Government insurance resulting from larger benefit payments under the old-age and survivors' insurance system. Saving in private insurance which had reached a record $1.4 billion in the final quarter of 1952 was at the same rate as the first quarter of 1952, $1.2 billion.

During the first quarter of this year consumer indebtedness of individuals increased by almost $200 million. While charge accounts at retail stores were reduced by almost $500 million, these repayments were more than offset by a further expansion in installment credit, for the most part incurred in connection with purchases of automobiles. Despite large repayments, mortgage indebtedness was increased by $1.4 billion and was associated with the high level of home construction during the period.

Gordon Dean Joins Lehman Bros. Staff

Gordon Dean, former Chairman of the United States Atomic Energy Commission, has become associated with the investment banking firm of Lehman Brothers, One William St., New York City, members of the New York Stock Exchange, it is announced.

Gordon Dean

A native of Seattle, Washington, Mr. Dean received his B. A. degree at the University of Redlands, California, in 1927. After taking the degree of Doctor of Jurisprudence at the University of Southern California in 1930, Mr. Dean was awarded his Master of Laws degree at Duke University, North Carolina, in 1932.

Following a career as an attorney and teacher of law, Mr. Dean served with the United States Department of Justice as a Special Assistant to the Attorney General and as Assistant U. S. Counsel at the Nuremberg trials of war criminals. Prior to his appointment as a member of the Atomic Energy Commission in May, 1949, Mr. Dean was Professor of Law at the University of Southern California. He was named Chairman of the Atomic Energy Commission in July, 1950, in which capacity he served until June 30 of this year. Mr. Dean has been a contributor to various legal and scientific publications and is the author of a forthcoming book entitled "Report on the Atom," to be published in September, 1953.

Shortly before his resignation as Chairman of the Atomic Energy Commission, Mr. Dean recommended changes in the Atomic Energy Act of 1946 to allow participation by American industry in the development of Atomic reactors. He said that a demand outside of the Government's own sphere of operations was developing for these reactors. In addition to his view that industry should be permitted to foster the development of nuclear power, Mr. Dean has been an advocate of greater publicity of the destructive power of our atomic weapons because such knowledge, he is reported to have said, might be a deterrent to war.

From Washington Ahead of the News

By CARLISLE BARGERON

The most recent example of government by agitation is the demand that we step in and "do something" to take advantage of the turmoil in the Russian satellite countries. This has been coupled with a lament and an increasing criticism of the Administration that we did not have ready plans with which to take advantage of this situation. And it has resulted, finally, in our offer to the East Germans to give them some of our surplus grains which because of the Russian ineptitude may redound in our favor but which would not likely have done so if it had not been for this Russian attitude.

Carlisle Bargeron

All of us have been told repeatedly that starving peoples are the ones who revolt. This is not true in our own country where Communism has found its greatest support among intellectuals and other well-heeled folk. But in foreign countries it's supposed to be the hungry people who act up. In that event the worst thing we could do, it would seem, would be to alleviate the distress in East Germany, but, as I say, the rejection of our proffer may well make this a smart psychological move on our part. It is interesting to note, though, that this proffer of surplus grain to the East Germans came as a result of the agitation that we "do something" to take advantage of the unrest in Eastern Europe. This agitation deserves analysis because it comes from the same group that, up until a few months ago, shuddered at any suggestion that we bring the Korean fiasco to an end through positive action for fear we would offend the Russians and provoke an all-out war. The weight of expert opinion, I think, is on the side of the contention that the war in Korea could have been ended long ago by affirmative action on our part; it could have been ended victoriously, too. Certainly this is the conviction of such eminent authorities as Generals McArthur and Van Fleet. But we have pursued a timid policy down there because of the fear that if we overstepped the bounds we would arouse the dreaded Bear Who Walks Like a Man.

However, the voices that were counseling caution in this instance are the same ones who want us to "seize the initiative" in Eastern Europe's present unsettled state. There is no thought on the part of these counsellors now that our intervention or any acts of provocativeness on our part would offend the mighty successor to the mighty Stalin — Malenkov or Molotov or a triumvirate, whatever it may be.

The fact is, though, that the Russians are today in East Germany, Austria, Hungary, Czechoslovakia, *et al*, by agreement with us and at our invitation. They are there as occupying forces protecting their lines of communication until a peace treaty is signed. We don't like to admit this but the fact remains. They are in East Germany, Czechoslovakia and Austria for the same reason that the Allies are where they are.

Now, anything we do in these countries to create unrest or to cause trouble to the Russian army of occupation is an unfriendly act and one that would naturally be resented by the Russians. It is not my point that we should let this deter us but it is interesting to an understanding of the important forces that are moving in this country and which are getting the Administration into an inextricable knot, that those who were so solicitous about stepping on Russia's toes in Korea are now boldly demanding that we "seize the initiative" in Eastern Europe. How do you "seize the initiative" in a matter of this kind? Well, the Administration, groping around in an effort to find out how, came up with the idea of giving surplus grain to East Germany.

Aside from its bearing on what may or may not be accomplished in Eastern Europe, the matter is important because it reveals again how the Administration is so responsive to these voices which I don't think are well-intentioned. It is having an awfully hard time being a Republican Administration. That has come to be as plain as the nose on your face.

This difficulty of being what the Administration was supposed to be, what it was presumably elected to be, is being reflected nearly every day. The Leftist columnists and commentators get wind of an appointee which the Administration has for a particular job and set up a chant about his not being a "Liberal." In case after case this clamor has resulted in the Administration dropping him. Thus these left-wingers have come almost to exercise a veto power over whom a Republican Administration should appoint to office.

Similarly they are exercising an unwarranted influence over domestic policies. One thing on which the new Administration seemed to be very clear was that of stopping the Federal Government's invasion of the field of electric power. One of Secretary McKay's first utterances was that the development of the additional power from Niagara Falls was a shining example of what should be done by private enterprise. Yet when the left-wing cry that this is a "give-away" Administration was set up, coupled with Governor Dewey's desire to have this power developed by the N. Y. State government, the Administration back-tracked but not in time to keep the House from passing a bill which would, in effect, turn this development over to five private utility companies. It remains to be seen what effect the Administration's attitude may have in the Senate. The Administration, sensitive to the "give-away" cry, also shows signs of backtracking on another controversial project, the so-called Snake River development in Idaho. It had given the green light to the Idaho Power Co. carrying out this project. Now the situation is steeped in a lot of confusion.

No Magic Panacea For Basic Economic Ills!

By KENNETH H. CAMPBELL*

Manager, Foreign Commerce Department
Chamber of Commerce of the United States

After pointing out inadequacy of actions already taken to bring about international economic stability, Mr. Campbell stresses need of more effective remedies. Discusses international payments problem, and outlines measures for increasing imports and for expanding American investments abroad. Warns world economic problems offer no magic solution, and urges better public understanding, rational thinking and constructive action on part of everyone. Concludes there should be no American fear of foreign competition.

Various measures of expediency undertaken in recent years, hopefully designed to bring about international economic stability, have fallen short of their mark.

K. H. Campbell

This is not to say that they were in themselves bad, but rather that they were simply not adequate.

Perhaps the best lesson we can learn from the experiences of the past is that realization and acknowledgment of the fact that *there is no magic formula*, no panacea, for the fundamental ills which lie at the root of chronic economic disturbances which beset the world. And this, I believe, should be the basis of a new, more realistic, and consequently more effective approach to the problem.

Measures now being considered *must* be more successful than those of the past. We should make certain that each proposed remedy is evaluated in relation to the problem as a whole and that the *limitation* of each be recognized at the outset so that we do not expect too much.

The Balance of Payments Problem

Probably the outstanding international economic problem of the hour is that of balance of payments difficulties among nations.

Expanded international trade and investment are generally conceded to be the most important factors in furthering international economic stability.

From the point of view of the United States alone, a consistent and continuous large export surplus—financed out of tax revenues —is not economic. It is not in keeping with the position of the United States as a creditor nation.

Our industrial machine and our national security require raw and semi-manufactured goods for production and stockpiling. These imports alone, however, are not sufficient to supply America's foreign customers with sufficient dollars to maintain United States exports at a level commensurate with the importance of exports to the total United States economy.

For the benefit of the economy of the United States as a whole business and government should encourage increased imports into the United States.

Measures for Increasing Imports

We are familiar with the several measures proposed for increasing imports. No single one should be overrated as to its potential effectiveness in alleviating the balance of payments problem. Applied in concert, however, they can be effective in this regard.

Recent Congressional hearings on extensions of the Trade Agreements Act has focused attention on tariff reductions as a measure for increasing imports.

While the extension of the Trade Agreements Act is salutary, the continuation of the present law can have no material effect on imports for some time to come.

It is interesting to note, for example, an estimate made by Dr. Howard S. Piquet, of the Legislative Reference Division of the Library of Congress, as to the probable increase in U. S. imports in the event of a temporary lifting of all tariffs (a highly unlikely prospect) as being from $800 to $1,800 million a year.

A more conservative estimate made by the Mutual Security Advisory Board (the Bell Report) placed the probable increase in imports from $700 to $1,000 million a year—if all its recommendations were followed—but not to be reached for perhaps three to five years.

If either of these estimates should be even approximately correct, the extension of the Trade Agreements Act, with its *limited tariff reduction authority*, certainly seems to be less than world-shaking in importance as to its material consequences.

The greatest value in extending the Trade Agreements Act may be considered to be the psychological factor—the indication of willingness on the part of the U. S. to negotiate with other countries for expanding trade for mutual benefit.

No estimates have been made, to my knowledge, of probable direct effects on the volume of imports from customs simplification. There seems to be no question but that a thorough modernization and simplification of customs administrative provisions of U. S. tariff laws is highly desirable and that legislation should be passed at once to make this possible.

There are those who believe that this could be of more immediate effect than tariff reductions in the encouragement of imports.

Among the imponderables, however, which make estimates resulting from either of these measures tenuous are: (1) the potential ability of the United States to absorb enough additional imports to be of appreciable significance, and (2) the ability of other countries to produce for export in sufficient quantity, in acceptable quality, and at competitive prices to interest the American market.

It is true that even if all barriers to imports were removed, that would be no guarantee that imports would increase appreciably for some time to come, if at all.

While these may be comforting thoughts to the protectionist, they should also be realized by the advocates of increased imports so that they will not expect too much too soon of these limited measures designed to increase trade.

Increased Foreign Investment

We find little disagreement on the fact that substantial increase in private investment abroad is highly desirable. Volumes have been written as to how such investment can be stimulated.

Certain changes in the laws of our own and other countries would undoubtedly help stimulate the flow of investment capital abroad. Investment in some areas is unduly discouraged by taxation; and even if other conditions are favorable, excessive taxation by a single country or multiple taxation by two or more countries of the same property or income leaves no adequate incentive for incurring the risks involved.

While this is considered one of the major deterrents in certain areas, in other areas unstable governments, danger of expropriation, and various nonbusiness risks—conditions which obviously must be corrected by the recipient countries themselves—are significant deterrents.

The inability of the ECA-MSA transfer guaranty program to induce more than $33.6 million worth of investment funds to move abroad, during its four years of operation, throws some doubt on the significance of the transfer risk as a major factor in restraining investments.

It may be, however, that with American dollar grants and relatively easy loans tightening up—the guarantee provision of foreign aid may be more in demand, although it is not a substitute for creation of desirable investment climate by the host country.

The flow of investment dollars into a host country has an immediate favorable effect on its balance of payments, but imposes problems of service payments and ultimate repatriation. For the U .S. over the long-run this poses the problem of ultimate acceptance of an *import surplus*.

While U. S. private investment cannot be considered as making any appreciable contribution to the alleviation of the dollar shortage, as such, to the extent that it aids the general economic development of a given area, with greater production and wider distribution of goods, it is more than justified.

It should be prompted by the profit motive on the part of the investor and by economic benefits to the area on the part of the host country. Foreign investment, therefore, entirely aside from failing to magically close the dollar gap—especially over the long-run —has much to commend it.

Generalities with regard to foreign investment opportunities are difficult to apply. There is, moreover, a valid field for both private and public investment.

For example, in some areas private American dollars together with American personnel and their technical know how, have developed in underdeveloped countries entire new industries, as well as towns, roads, schools, hospitals, churches, homes, commissaries, harbors, docks and wharves, social and recreational facilities, improved sanitation, adequate fresh water supply and refrigeration.

Oil companies in the Middle East and Firestone in Liberia have contributed to the economic development of the areas, and have created better understanding between Americans and the nationals of host countries. This form of investment was especially applicable to extractive industries and to the areas concerned.

In other areas, as Jonathan B Bingham, acting administrator of TCA recently said, "The trouble with private enterprise in the field of economic development is that it can do least where the need is greatest." As long as the three basic ills of widespread hunger, disease and ignorance remain, private industry has no sound economic and social foundation on which to build.

The underdeveloped countries need private capital for manufacturing and service industries, and these must depend for their success on facilities such as power and rail and road transportation and on local markets. Lacking basic facilities private capital is not likely to be attracted, and even more fundamental is the lack of markets. When 80% or more of a country's people are making a bare subsistence living from the land and are earning practically no cash income, the prospects for private industry are meager indeed.

It is at this basic level that government technical assistance programs, with full local participation, are principally needed at the present time—to aid in creating conditions which would, in turn, attract private capital.

The problem is a country-by-country one, each different as to its particular requirements. Neither private capital nor government aid can do the complete job and even at the most judicious best, tangible results are slow in taking form. It is a long-range job, one requiring patience and persistence, but an unequivocally worthy one.

Other Factors

There are, of course, many other factors which enter into a concerted effort to alleviate the balance of payments problem: Expanded U. S. travel and tourism overseas; U. S. purchase overseas of arms and equipment needed by our joint defense forces in NATO and other parts of the world; increased productivity and improved marketing methods by U. S. foreign suppliers, to mention a few.

Conclusion

In conclusion, I want to say that while I have tended to point up the limitations of the principal measures directed to correct the problem, it is with the hope of pointing up the danger of under estimating the problem itself and of placing too much hope for a magic solution in any one proposal.

One of the biggest jobs we have to do here in the U. S. is to bring about better public understanding, rational thinking, and constructive action on the part of everyone The economic interdependence of the United States and the rest of the free world must be fully recognized, and helping other countries is helping ourselves. Action must be based on intelligent and thoughtful conclusions, not on emotion or fear. We should adjust our thinking to the conditions of today and to those with which we may be faced in the foreseeable future. To try to turn back the clock, in my judgment, would be suicide.

We can take courage from the philosophy of the American competitive enterprise system that has made this the great productive nation it is. American industry has welcomed the challenge of domestic competition and benefited by it—why should we cringe behind unfounded fears of foreign competition.

We must as a nation decide to follow those economic policies which are sound, constructive, and which in proper combination will lead us progressively and eventually to the economic stability, peace, and prosperity of the free world.

*An address by Mr. Campbell at the Institute of Public Affairs, University of Virginia, Charlottesville, Va., July 8, 1953.

Bank of America Group Offering San Diego School District Bonds

Bank of America N. T. & S. A. and associates are offering a new issue of $10,800,000 San Diego Unified School District, San Diego County, Calfornia, 5%, 2½%, 2¾% and 3%, 1953 School Bonds, Series A, maturing Aug. 1, 1954-73, inclusive. The bonds are priced to yield from 1.90% to 3.05% according to maturity.

Other members of the offering group include: Blyth & Co., Inc.; The First Boston Corporation; Smith, Barney & Co.; Harriman Ripley & Co. Incorporated; Lehman Brothers; The Northern Trust Company; American Trust Company, San Francisco; R. H. Moulton & Company; Merrill Lynch, Pierce, Fenner & Beane; Security-First National Bank of Los Angeles; Salomon Bros. & Hutzler.

The Philadelphia National Bank; Weeden & Co.; R. W. Pressprich & Co.; Lee Higginson Corporation; Equitable Securities Corporation; Dean Witter & Co.; J. Barth & Co.; John Nuveen & Co.; William R. Staats & Co.; Heller, Bruce & Co.; Coffin & Burr Incorporated; A. G. Becker & Co. Incorporated; F. S. Smithers & Co.; Wm. E. Pollock & Co., Inc.; E. F. Hutton & Company; W. E. Hutton & Co.; Shearson, Hammill & Co.; Gregory & Son Incorporated; Freeman & Company.

Kaiser & Co.; Commerce Trust Company, Kansas City, Mo.; City National Bank & Trust Co., Kansas City, Mo.; The National City Bank of Cleveland; Cruttenden & Co.; McCormick & Co.; Ryan, Sutherland & Co.; The Continental Bank and Trust Company, Salt Lake City, Utah; Lawson, Levy & Williams; Stone & Youngberg; H. E. Work & Co.; Hill Richards & Co.; H. V. Sattley & Co., Inc.; Singer, Deane & Scribner; Wagenseller & Durst, Inc.; Irving Lundborg & Co.; Stern, Frank, Meyer & Fox; C. N. White & Co.; Jones, Cosgrove & Miller, and Redfield & Co.

Now Rockwell & Co.

MINEOLA, N. Y. — The firm name of Cashman & Sundberg, 1539 Franklin Avenue, has been changed to Rockwell & Co.

U.S. Is Not a High Tariff Country

By FRED G. SINGER*
E. I. du Pont de Nemours & Company, Inc.

An experienced businessman and trader discusses nation's foreign trade policy and denies we are not playing a proper role as a creditor nation. Criticizes U. S. statistics of foreign trade and contends true picture would show a near balance in our commercial exports and imports. Says if proper yardstick were used, the United States cannot be said to be a high tariff country.

When a total stranger speaks to a group and expresses an opinion on any subject, I believe it is important for that speaker to give some indication of his position. It is the background, the training and experience of an individual which set his point of view and the perspective under which he observes any event. That explains why people of equal integrity and intelligence can differ, sometimes completely, in their opinions on the same subject.

Fred G. Singer

I am not going to waste the time I have available by telling you the story of my life but I think you should at least know that I am a trader; all my business life, for the past 34 years, has been in trading, domestic, export and import, the latter two only between the United States and the whole of Europe, including Turkey, but excluding Soviet Russia.

When confronted with a broad question such as "the Foreign Economic Policy" of our country, I am immediately concerned, as a practical businessman, with two questions, the goal and the facts of our situation today. It is only after understanding the first and establishing the second that I might feel in a position to contribute modestly to the formulation of constructive policy. In view of the time limitation, I want to limit my remarks to the second question regarding the facts of our situation in foreign trade.

Our country's foreign trade policy, or what is thought to be the trend of our foreign trade policy, has been and is still being noisily attacked, not only by certain groups in our country but also by a number of so-called friendly foreign countries.

Principally, we are accused of not playing our proper role as a creditor nation; accused that our import duties are unnecessarily high, making it impossible for other countries to sell to us; that we employ other methods of absolute restriction of trade; that we raise duties as soon as competition gets too keen; and that we don't invest enough money abroad.

It is a pretty heavy book that is being heaved at us and it is sufficient to develop a guilt complex in the mind of any righteous thinking but uninformed American. The tragedy of the situation is that it is all a hoax, a terrible hoax, which is being played on the American people by groups, outside of some pure intellectuals, who have a stake of immediate profit but who have not thought through very carefully the long-term consequences on our country.

I do not have time to cover all the points in that accusation but I should like to take the more important ones. What is the truth about this accusation? Have we really done nothing about this problem over the years, since we have become a creditor nation? The tune that is being played today by the so-called ultra-liberal trade promoters is exactly the same record that I have heard all my business life and, more particularly, for the past 20 years. The cartoonists of our leading newspapers seem to be suffering from an acute case of *rigor mortis* on this subject, more perhaps than any other group. Has nothing happened? Should we be ashamed of our performance before the world? Why, of course not—a lot has happened—and we can be proud of the things our country has done, thanks to our American economic way of life, to help other countries on the road to economic health.

The accusation that we do not play our proper role as a creditor nation comes from the out-of-date pictures, continued maliciously or through ignorance, concerning the international settlement of accounts in gold between the various nations of the world. In our case, it is the United States international balance of payments statement.

The mystery of the "dollar gap" has been based on that account sheet and all the blame for world troubles has been placed on the trade items: exports of merchandise f. o. b. point of exit from the United States and imports of merchandise on a foreign value basis into the United States.

The Trade Balance Question

In speaking now of this trade balance question, I am going to express myself in the same way as our principal critics abroad, as they actually think when discussing foreign trade. It is also the way in which they publish their foreign trade statistics and that is: exports on an f. o. b. point of exit basis and imports on a c. i. f. point of entry basis, that is, cost, insurance and freight to the point of entry into the importing country. This is not a device or a trick which might mystify or confuse you. The vast majority of countries of the world publish their foreign trade statistics on this basis, so much so, that the International Monetary Fund issues its statistics for all countries on that basis and converts the official American import figures from foreign value to value c. i. f. When we discuss these problems with the world let us make sure that we are talking the same technical language and that our yardsticks are identical and therefore comparable.

Another factor which makes this study complicated is that, since 1948, the Bureau of the Census has not been permitted, in publishing export statistics, to segregate shipments to foreign countries paid through the various government aid programs from the strictly commercial shipments which are paid by foreign customers. The first group does not have any effect on our balance of payments account since no foreign exchange problem is involved, while the second category definitely does enter into that picture. In passing, it should be noted that the import statistics published by foreign countries are misleading for the same reason. By this failure of segregation, the export statistics published by the Department of Commerce create the illusion of what is generally called "the dollar gap."

Thank goodness, Professor Gardner Patterson, Director of the International Finance Section at Princeton University, wades through the voluminous reports published by government agencies so as to publish annually his "Survey of United States International Finance." In his studies, he not only segregates the over-all value of direct military materiel shipped abroad, not including shipments to our armed forces, (incidentally, this figure is also published by the Department of Commerce) but he also segregates the value of shipments of merchandise to foregin countries under ECA-MSA programs and which are paid by the American taxpayer or added to the public debt. There are several other aid programs under which American goods are given to foreign countries and the value of which is included in our export statistics but I have not had the time to dig into these figures.

The True Trend of Our Foreign Trade

Putting all these factors together, one can get a reasonably accurate idea of the true commercial trend of our foreign trade. In summary, here is the picture since 1948:

	Commercial Exports Including Re-exports	General Commercial Imports c. i. f.
	(in billion of dollars)	
1948	$11.3	$8.1
1949	9.0	7.5
1950	7.8	9.6
1951	12.0	11.9
*1952	10.7	11.6

*Estimated.

This shows the trend of our over-all efforts to place world trade on a sound basis. Taking the last three years' figures together, we have, over-all, imported $2.6 billion more than we

Continued on page 32

*An address by Mr. Singer at the Institute of Public Affairs, the University of Virginia, Charlottesville, Va., July 8, 1953.

Yardsticks For Evaluating Our Foreign Policy

By MRS. JOHN G. LEE*
President, League of Women Voters of the U. S.

Mrs. Lee lists basic premises for our foreign policy as: (1) the Kremlin is seeking to destroy U. S. and free world; (2) our security depends on close cooperation of free nations; (3) economic development and trade are essential factors in defense of free world; and (4) we must take a realistic view of our responsibility of free world leadership. Lays down 11 points for a broad outline of a sound U. S. foreign policy, including changes in U. S. tariff and trade policies.

I approach this subject with very real humility for I am in no sense an expert. I am just an ordinary American citizen with a sense of responsibility for my government and its policies. It is necessary for me and many others like me to view this complicated world we live in in rather simple, yet basic terms. It is essential that people like me establish a few fundamental concepts and principles which can serve as yardsticks in the development of our judgment. I want to enumerate a few of these as they appear to me.

Mrs. John G. Lee

But first I want to call your attention to an editorial which appeared recently in that outstanding and unique newspaper for which I have great admiration—The "Washington Post." It described, in a way, I think, the dilemma the ordinary U. S. citizen often finds himself in when his public officials and experts hurl facts and figures and arguments at him which seem totally contradictory. Just to quote parts of two sentences from that editorial: "In the Soviet Union, where presumably every move is planned in advance, it no doubt is inconceivable that anything elsewhere can happen by chance. What with the riots in East Germany and the confusion in Korea, blamed on American complicity, the boys in the Kremlin must be going wild trying to figure out just what U. S. policy really is." Sometimes even American citizens go wild trying to figure out what U. S. policy really is!—not to mention what it should be.

Now, I want to mention four basic premises to which any other points I make must be related:

(1) I believe "the boys in the Kremlin" are seeking to destroy the free world as we know it and the U. S. in particular.

(2) I believe the security of the U. S. and the survival of the free world—perhaps even civilization itself—depend upon a high degree of cooperation between the nations of the free world.

(3) I believe economic development and trade are essential factors in building the defenses and the strength of the free world sufficient to win both hot and cold wars.

(4) I believe the vitality of the American people and the American system is such that the responsibility of world leadership, which has been thrust upon us, can be satisfactorily assumed and discharged if we are willing to take a realistic long view and plot our course accordingly.

It seems to me, if these points are accepted, it follows that the stability and prosperity of the American economy are key factors in the free world picture. We as citizens of the U. S. must in turn recognize the dependence of our own economy upon the raw materials of the rest of the world. Our foreign economic policy must take this fact into consideration just as thoroughly as it must incorporate a realization of the importance of strengthening the economies of our allies.

Meeting the Communist Challenge

As we review the years since the close of World War II the fact emerges that the U. S. had the vision and the courage to adopt some economic and military policies which were successful in helping the free nations remain free and meet the challenge of Communism. I refer, of course, to our Greece-Turkey program, the Marshall Plan, the Mutual Security Program, Point IV and Technical Assistance. Nor must we forget the part played by such European institutions as the Organization for European Economic Cooperation, the Schuman Plan, and the European Payments Union, etc. Last but not least, we must not underestimate the crucial importance of NATO and the U. N. But we live in a world of change and we are constantly faced with the necessity of adjusting our policies to developments beyond our control. As we now survey the situation, it seems fair to say that the central issue which demands our prime consideration is the problem of the U. S. and its relation to world trade. If you agree that the development of trade between the free nations of the world is a key to essential strengthening of their economies then it must follow that the foreign economic policies of the U. S. must be designed to promote such trade. In a moment I would like to mention some of the things I believe we must incorporate in our policies to achieve this end. But first I want to call your attention to another related fact which we ignore at our peril.

The growing Soviet productive capacity represents a very real political and military threat to the non-Communist world. Although I believe available statistics on this subject are few, and unreliable, the experts do seem to agree that the rate of this economic growth is superior to that being achieved in the non-Communist countries. This appears to be a hard, cold fact of fundamental importance. We can easily envision the results of this productivity in terms of increasing Soviet military potential. That is bad enough, although again the experts seem to agree that the highly industrialized nations of the West can keep a jump ahead in this race for some time to come. The more difficult aspect to grasp and deal with is the poential *political* weapon this increasing economic strength may represent. Perhaos we can catch a glimpse of what it would mean if Russia adopted a policy paralleling the Marshall Plan, geared to raising the standards of living in the poor and underdeveloped countries of the world.

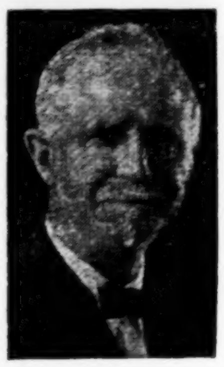
Continued on page 30

*An address by Mrs. Lee at the Institute of Public Affairs, University of Virginia, Charlottesville, Va., July 8, 1953.

The Problems of Your City

By ROGER W. BABSON

We all greatly enjoy reading the columnists. They are constantly becoming a greater factor in connection with both World and National affairs. Unfortunately, we seldom read a column which talks of our own local troubles—that is, the affairs of our own city or town. Let me discuss these this week.



Roger W. Babson

The cost of all supplies (except perhaps electricity) which your city buys is higher today than ever before. Probably more is both demanded and wasted than ever before. Hence, the "city fathers" are raising local taxes. But higher tax rates may not be necessary if your city is proportionately growing in good population. Without increasing the rate of taxation, most growing cities should be able to raise enough taxes from the addition of new taxable property. Let the outlying sections which are profiting from the growth pay the increased costs.

Wages of city and town workers have increased. In view of the rise in living costs, this seems only fair. It is not fair to compare these wages with specific factory wages where production has increased almost correspondingly with wages. Not only have many "town employees" not increased their productivity, but many are perhaps loafing at their jobs. They could not possibly get work in any factory. Would you hire them?

Problem of Welfare Aid

In states where the welfare rolls are public, the NET cost of honest old-age assistance and other charity work is not much of a factor. The Federal Government and the State reimburse your local treasurer for most of these expenditures. Furthermore, most of this money remains in the community. Even after paying the increased taxes for welfare work, most merchants, landlords, and retailers are better off as to net financial results. In addition to having the satisfaction of helping deserving people, they are making money from the expenditures of these people.

Highways and Schools

The states are continually taking over most of the highway expenses, while some cities which have efficient city managers have actually reduced highway expense. Not only does the use of road-building and maintenance machinery reduce labor costs, but with the very low municipal interest rates, your road department can borrow money very cheaply.

Readers know my feelings on school costs. The fact is that we parents have turned our work of bringing up our children over to school teachers, television, and baby sitters. This is all wrong and we parents should be ashamed of ourselves; but if we want this luxury, including school bands, school football games, and other school amusements, we should willingly pay the cost. Taxpayers should not blame the "city fathers" for this additional expense.

Beware of Debt

Even though municipal interest rates are still low, most cities have too much debt; moreover, the personal debts of our citizens, through installment purchases and otherwise, have increased to the stupendous sum of $25,000,000,000. Corruption, politics, and inefficiency have crept into many municipal governments, from which too many voters are secretly profiting. The real solution of our local tax problems is honest and efficient management with wise growth and assessment.

The moral effect on voters of getting unearned subsidies, unearned wages, unearned housing, and other unearned "benefits" through unjustified legislation or labor-leader monopolies, is bad. These dangerous practices are basically the reason for increased costs and increased taxes. This same spiritual decadence is also the basic reason for the fall of the stock market averages from 293 in January to about 270 today—some 20 or more points. This is very significant.

Public Utility Securities

By OWEN ELY

Central Hudson Gas & Electric Corp.

Central Hudson Gas & Electric Corporation is an independent, medium-sized electric-gas utility operating in the Hudson River Valley between the areas served by Consolidated Edison and Niagara Mohawk Power. In earlier years the latter company owned a block of Central Hudson's stock but this was disposed of in 1945.

While the area is perhaps not noted for its growth, nevertheless the company's revenues have more than doubled during the postwar period, increasing from $10 million in 1945 to around $21 million at present. Revenues were 84% electric and 16% gas in 1952; electric revenues were 42% residential, 24% commercial, 23% industrial and 11% miscellaneous.

Industrial proportion of total output is quite low as compared with that of Niagara Mohawk, which makes for stability of earnings, as indicated in the accompanying table covering operations for the past decade. Among the company's larger industrial customers are North American Cement, International Business Machines, Alpha Portland Cement, Schatz Manufacturing, U. S. Hoffman Machinery, New York Trap Rock, Mastic Pile Corp., DeLaval Separator and duPont.

		Common Stock Record		
Year	Revenues	Earned	Paid	Approx. Price Range
1953	------	---	---	13 - 11¾
1952	$20,700,000	$0.85	$0.65	13 - 10½
1951	18,300,000	0.72	0.60	10¾ - 9
1950	16,600,000	0.71	0.56	10¾ - 8¾
1949	14,600,000	0.65	0.52	9¾ - 6¾
1948	14,100,000	0.53	0.52	8½ - 7
1947	12,300,000	0.55	0.52	10½ - 8
1946	10,700,000	0.59	0.51	14 - 9
1945	10,000,000	0.48	0.48	13½ - 8
1944	9,300,000	0.49	0.53	9½ - 7½
1943	9,000,000	0.68	0.68	10 - 6

The company's equity ratio at the end of 1952 approximated 30% and it is the indicated intention over the next few years to maintain it in the general range 28%-32%.

The company recently estimated its construction expenditures for the four years 1953-56 at about $32 million, of which about one-third would be provided by depreciation, reinvested earnings and net salvage. The company plans sometime this Fall to issue $6 million new convertible debentures (the old issue is being redeemed) and about 160,000 shares of common stock. No more equity financing is likely for some time; tentative plans call for sale of $8.5 million mortgage bonds in 1954 and $3 million preferred stock in 1955, with occasional interim bank borrowing.

The company formerly bought much of its electric power, generating almost all the balance in its hydro plants. Thus in 1951 88% was purchased (mostly from its neighbors, Con. Edison and Niagara Mohawk), 11% was hydro-generated, and only a little over 1% represented steam generation. Construction of the efficient new Danskammer Point steam station has altered the picture. The first unit with rated capacity of 60,000 kw. went into regular operation about the beginning of 1952, and in that year 60% of output was steam generation, 13% hydro, and 27% purchased. In 1955, with the operation of the 25,000 kw. Neversink Hydroelectric Plant now awaiting test operation, and of the second 60,000 kw. unit at Danskammer, it is estimated that the company will generate 98% of its power requirements and will purchase only 2%.

In 1952 the cost of steam generated power per kwh. was 4.3 mills compared with 1.27c for contract power purchased; however, the cost of the latter was sharply higher than the 6.8 mills paid in the previous year under the prior more favorable contract.

The company is earning an estimated 5.8% on its electric rate base this year and expects to earn about 6% during 1954-56. But the gas business has not contributed much to profits. In 1951 the company earned only about 2.3% on its gas rate base; with receipt of the first natural gas the picture improved slightly. Nearly 3% on the rate base will be earned in 1953 and some further gain appears likely in 1954. The company recently obtained a 5% increase in natural gas rates to offset the higher cost of gas imposed by the pipeline.

Central Hudson G. & E. has been selling recently on the New York Stock Exchange around 11⅝, and is currently paying 70c to yield about 6%. The current dividend reflects a payout of 77% of the 91c earned in the 12 months ended June 30. The management has made an estimated projection of share earnings (computed on estimated rate bases, at assumed rates of return) as follows:

	Est. Return on Rate Base Electric	Gas	Est. No. Shs. at Year-end	Estimated Share Earnings
1953	5.8%	2.9%	2,261,000	$0.84
1954	6.0	3.75	2,261,000	1.07
1955	6.0	3.75	2,431,000	1.06
1956	6.0	3.75	2,594,000	1.03

The management states that it is the purpose and expectation of the company that these rates of return will be realized and that with such earnings consideration will be given at the end of 1954 to a moderate increase in the dividend.

Functions of Factoring and Commercial Financing

By HERBERT R. SILVERMAN*

Vice-President, James Talcott, Inc.
Chairman, National Commercial Finance Co., Inc.

Executive of large financing concern describes the joint and separate functions of factors and finance companies. Says their services are cooperative rather than competitive to banks, and lists principal distinctions between factors and commercial finance companies.

Some of you, as bank credit men, in the country's largest city, know about the operations of Factors and Commercial Finance Companies. But you would be surprised at the lack of information about the operations of these financial institutions in other parts of the country. Perhaps one reason may be that insofar as factors are concerned they are concentrated up to 90% of volume in one principal field, textiles and its affiliated industries. And another reason, no doubt, is that they are physically concentrated in one area of one city — New York.

Herbert R. Silverman

Time will not permit me to go as deeply into the historical development of Factors and Commercial Finance Companies as I would like. However, let me give you a thumb-nail sketch.

The Factor was prominent in English commercial circles as early as the Seventeenth Century, and was essentially what we now call a "commission merchant." The Hudson Bay Trading Company, chartered by Charles II of England in 1670, and still going strong today, factored the accounts of manufacturers and dealers in the fur and skin trade.

Roy A. Foulke, Vice-President of Dun & Bradstreet, in his "The Story of the Factor," a booklet published early this year, comments on the fact that the trip of the Pilgrims to this country and their settlement at Plymouth in 1620, was financed by Thomas Weston and Associates, Factors, of London.

Eventually, the selling activities of the Factor evolved into and were supplanted by the specialized financing and credit functions of the modern Factor. The complete change-over occurred in the decade before World War I; today, the term "factoring" is most often used to refer to a specialized service of credit checking and of financing the producer and distributor of merchandise.

*From an address by Mr. Silverman before "Checkmates, Inc.," an association of bank officers, New York City, June 24, 1953.

The Commercial Finance Industry

The commercial finance company in this country traces its origin back to 1905. As our manufacturing and production industries became more mechanized, companies in an effort to keep pace with the fast-changing economic picture, were compelled to invest a substantial amount of their working capital in new machinery and equipment. This of necessity produced a greater need for external financing. With this change in balance sheet ratios, these companies were not in a position to borrow their requirements from the commercial banks. Commercial banks, of necessity, had to follow traditional standards—had to observe the ratios which are considered so important in credit extension, particularly the ratio of current assets to current liabilities. As a result of greater productivity, these companies, who had further mechanized their plants, did develop an increase in one of their current assets, namely: their accounts receivable. Up to that time, banks had never regarded trade accounts receivable as being proper collateral security for a loan, in spite of the experience of old-line factors.

To meet the demand for the necessary financial assistance, a commercial finance company was organized in Chicago in 1905 for the purpose of making loans secured by the pledge of accounts receivable. However, this new lending agency met with resistance from prospective borrowers. They were most hesitant about having trade debtors notified of the assignment of their accounts, even though that practice had been common in the textile industry for many years. They were reluctant to admit that they had to resort to this new method (except in the textile industry) of financing because they could not obtain customary bank credit, as

Old-Line Factor

(1) Purchases accounts receivable outright without recourse for failure of the customer's ability to pay.

(2) Notifies customer of purchase of accounts receivable and collects directly in his own name.

(3) Posts a detailed accounts receivable ledger; often prepares and mails customers' invoices.

(4) Advances the purchase price of receivables before maturity; makes additional loans to factored companies on their own paper and against merchandise and other collateral.

(5) Often works closely with the factored company in the choice of selling agents and the determination of selling policy.

(6) Occasionally provides "house" facilities or space on the factor's premises for the storage and display of merchandise and maintenance of selling office.

Commercial Finance Company

(1) Generally acquires a security title in receivables pledged as collateral for a loan.

(2) Generally customer is not notified of pledge of accounts receivable; collections are made by borrower as trustee for finance company and forwarded by borrower to lending institution.

(3) In some instances, does not keep a detailed receivable ledger but only a summary receivable control account to indicate day-to-day changes in total pledged receivables; does not prepare invoices.

(4) Similar financing service except that loans other than advances against pledged receivables are practically always secured by the tangible collateral.

(5) Generally is not so closely associated with the borrower in such capacities.

(6) This service is not rendered by the commercial finance company.

they felt that such an admission was tantamount to advertising a none-too-strong financial position which might disturb their customer relations, upset price, and bring other competitive disadvantages. Since notice to the debtor is not a legal requisite in many states to the validity of an assignment of accounts receivable, that objection was overcome by the formulation of a financing plan under which advances were made upon the security of assignments of accounts receivable without notification to the debtors. By this procedure, the whole arrangement was kept a confidential one between the Finance Company and the borrower.

The development of accounts receivable financing under that plan was relatively slow, and, until 1920, it was conducted almost entirely by local companies of medium size which operated in a limited area. Bankers did not look with favor at the assignment of accounts receivable on a non-notification basis as collateral security for a loan and would have no participation in such transactions. As a matter of fact, it was not until the 1929 crash had depleted the working capital of many businesses that this type of financing assumed sizable proportions and it has grown by leaps and bounds since that date.

I have prepared a table which points out some of the principal distinctions between factors and commercial finance companies:

Among the uninformed there is a feeling that factors and commercial finance companies are competing actively with banks in providing credit and working capital funds. This impression is erroneous.

While it is true that banks will sometimes lend on accounts receivable when an old borrower finds himself unable to take up his unsecured loan on maturity, you, as well as I, know that they do this rather reluctantly.

Banks are engaged principally in the making of unsecured loans. To qualify for an unsecured loan a company must convince the bank that its financial position justifies such a loan.

Finance companies, on the other hand, while they attach importance to ratios, do not attach as much importance to the ratio position as do the banks. The finance companies are secured lenders in contrast to the banks which, by and large, are unsecured lenders. But there are many instances where the commercial finance companies will not extend a loan to a company, regardless of the security advanced. If upon analysis they find that their funds cannot be used profitably by the borrower they will not make the loan.

Commercial finance companies, in their analysis take into consideration many aspects of the business, among which the following may be mentioned:

(1) What has caused the working capital deficiency?

(2) Does management realize its mistaken, if any, and are these mistakes correctible by the present management?

(3) What are the future prospects of the business: (a) Is its product a continuing one in its acceptance by the buying public? (b) Can its selling program be made more profitable?

(4) Can commercial finance company aid be of help: (a) Is there a sufficient gross profit to warrant finance company charges? (b) Will finance company help be sufficient both as to time and amount?

If all these questions can be answered in the affirmative, the commercial finance company will then go further into the proposition and probably extend its aid.

In making the necessary analysis special techniques are employed. Probably the most important of these is the thorough examination by the finance company's staff of trained examiners, before it takes on an account. A typical work sheet of these examiners contains many different schedules and exhibits; comparative statements of changes in working capital; comparative statement changes of profit and loss; schedules showing the aging of accounts receivable and the aging of accounts payable; an analysis of the reserves set up for bad debts; a review of returns; a review of executive salaries; changes in fixed assets; an analysis of cash receipts and disbursements; an analysis of inventory; and many other details of the business. The type of information gathered, of course, varies with the nature of the particular business under consideration.

The detailed analysis of the applicant's business and the decision of whether or not to take it on is only the first stage of the process.

Having decided to go in, the next step is the implementation of the program. The integrity of the collateral (receivables) must be constantly kept in mind and reviewed almost daily. For example, the filing of a Federal tax lien today would mean worthless collateral tomorrow insofar as future advances are concerned. There must be a familiarity with the pertinent laws and legal precedents in all 48 states and Federal law as well. Difficult legal problems can arise, when, as often happens, the finance company is located in one state the business in another, and the account-debtor in a third.

The point to bear in mind is that the procedures, and the experienced personnel to carry them out, comprise the highly specialized techniques of the commercial finance companies — techniques which have been many years in the building—and which would be difficult to reproduce today, by any institution starting from scratch.

Henry C. Morris With Amott, Baker & Co.

Henry C. Morris, formerly associated with Sutro Bros. & Co., is now associated with Amott, Baker & Co., Inc., 150 Broadway, New York City.

To Form Treves & Co. NYSE Firm in N. Y.

Peter G. Treves and Wilton L. Jaffee, member of the New York Stock Exchange, effective August 1 will form Treves & Co. with offices at 40 Wall Street, New York City. Mr. Treves is partner in Ackerman and Company. Mr. Jaffee is active as an individual floor broker.

Frank J. Wolfe

Frank J. Wolfe, former investment broker, passed away July 4 at the age of 91. Prior to his retirement 30 years ago he was a member of Greer, Crane, Webb & Wolfe.

Cities Service Geologist Maurice Kennedy, in West Texas

Connecticut Brevities

An agreement has been reached between **Plax Corporation**, a wholly owned subsidiary of **Emhart Manufacturing Company**, and Owens-Illinois Glass Company, providing that the former will sell to Owens for $8,000,000 an amount of common stock equal to the number of shares presently owned by Emhart, thereby dividing ownership equality. Emhart has applied to the Federal Court at Toledo for specific approval of the sale and a finding that the anti-trust judgment entered in 1947 is not applicable. Announcement has been made that Plax will continue under its present management. Proceeds of the sale will be available to help Plax meet the growing demands for its plastic products.

* * *

At a special meeting on July 6, stockholders of **Aetna Insurance Company** voted to approve changes in the by-laws and the charter. The charter amendments, previously passed by the General Assembly, increased the authorized capital from $20,000,000 to $30,000,000 and broadened the field of operations to enable the company to underwrite casualty as well as fire insurance. At the same time the by-laws were changed to conform with the new provisions of the charter. The present outstanding capitalization consists of 1,000,000 shares of $10 par stock. No capital changes are planned at the present time.

* * *

Casco Products Corporation has recently borrowed $3,000,000 from Prudential Insurance Company. Proceeds of the note, due July 1, 1965 and bearing interest at 4⅛%, will be used to repay a loan of $1,400,000 and to finance expansion.

* * *

On July 20 there will be a special meeting of stockholders of **Plastic Wire & Cable Corporation** to authorize the directors to sell up to 10,000 shares of the unissued common stock to employees, not including principal officers or directors. Stock will be offered at the market price at the time of subscription, except that if employees are permitted to pay in instalments the price shall not exceed the market value at the time of issue. Any instalment payments will be made quarterly and over a period not to exceed one year. It is expected the stock will be sold over a period of several years. Recently the company borrowed $350,000 from **The Hartford-Connecticut Trust Company** on a five-year loan. Proceeds are being used in connection with a new building of 24,000 square feet, to house wire drawing and other production equipment. Sales for the six months through March 31 were $4,721,065, about half the total for the 1952 fiscal year, and earnings were close to the previous year's level.

* * *

Control of **Norma-Hoffman Bearings Corporation** has been acquired by Universal American Corporation through purchase of 90,000 shares of common and 7,000 shares of preferred from Hoffman Manufacturing Co. of Chelmsford, England. The stock purchased constitutes 50% of the common and 70% of the preferred outstanding.

* * *

Yale and Towne Manufacturing Company has agreed to acquire substantially all of the business and assets of Powdered Metal Products Corp. of America in exchange for 12,000 shares of common stock.

* * *

Silex Company has exercised its option to purchase all of the stock of Chicago Electric Manufacturing Co. for $900,000. Chicago Electric will be operated as a subsidiary for the present. In connection with the purchase Silex sold privately $939,000 of 5½% convertible debentures. Sales of Chicago Electric for the first five months of 1953 totaled $2,020,000, up 29%, and the pretax profit was $159,800 against $32,100 a year earlier.

Lehman Group Sells Monterey Oil Stock

Lehman Brothers and associates on July 9 offered 339,733 shares of Monterey Oil Co. common stock (par $1) at $24 per share. Of the total shares offered, 135,000 shares represent new financing by the company and the proceeds together with other funds, will be used to prepay in full the company's bank indebtedness in the amount of $3,333,300. The balance of 204,733 shares is currently outstanding and is being sold by certain stockholders. This offering was quickly oversubscribed and the books closed.

Monterey Oil Co., successor to Jergins Oil Co., is primarily engaged in the production and sale of oil and gas and in exploring for and developing oil and gas reserves. As of March 1, 1953, the company had estimated net reserves of crude oil and liquids totaling 52,495,518 barrels and net reserves of natural gas were estimated at 78,801,603 MCF, of which 5,970,000 barrels are estimated to be applicable to the reserved oil payments and 3,624,000 MCF are applicable to the oil payments. Its principal producing properties are located in California and Texas, and the company owns non-producing acreage in California, Colorado, Montana, Oklahoma, Texas, Wyoming and Louisiana. In February of this year, the company purchased from B-L and Associates, Inc., two-thirds of the working interest in various oil and gas properties in California and Texas, subject to various oil payments totaling $16,535,660. The company's interest in these properties comprises 2,615 acres and 57⅔ net producing oil wells.

Application will be made to list the common stock on the New York Stock Exchange.

Earnings of the company for the seven months ended March 31, 1953, showed gross income from sales of oil and gas of $4,014,034, and net income of $1,269,549, equal to $1.14 a common share.

Roy Bible Opens

ROANOKE, Va.—Roy H. Bible, Sr. is engaging in a securities business from offices in the State and City Bank Building.

Jack Germain Joins Petroleum Industries

John P. Germain has become associated with Petroleum Industries, Inc., 745 Fifth Avenue, N. Y. City, in the corporate publication relations department. Mr. Germain for the past 23 years has been active in Wall Street, with Hoit, Rose & Troster, J. Arthur Warner & Co. and Singer, Beane & Mackie, Inc.

John P. Germain

Trust Co. of Georgia Sponsors TV Program

ATLANTA, Ga. — The Trust Company of Georgia and its five affiliated banks are sponsoring the "March of Time," a 30-minute program on television every Sunday night starting July 19. The program, one of the outstanding educational series in the nation, will be seen on WSB - TV in Atlanta at 10:30 p.m.

The Trust Company has never used television before and selected the "March of Time" after careful consideration of the programs available. The commercial announcements will be a combination of motion picture films of the bank's two offices in Atlanta and the voices of Westbrook Van Voorhees, the "March of Time" announcer, and Don Elliott, local station announcer. A complete set representing a banker's office has been constructed and the commercials will carry out the educational theme of the series by using charts and slides to explain various bank services.

The program will be seen over most of the State of Georgia and parts of Tennessee. The Trust Company is joined in the sponsoring of the show by its affiliated banks: The First National Bank & Trust Company of Augusta; The Fourth National Bank of Columbus; The First National Bank & Trust Company in Macon; The First National Bank of Rome, and The Liberty National Bank & Trust Company of Savannah.

Liller, Neal & Battle is the advertising agency handling the account.

To Be Sprague & Nammack

Jerome W. Nammack and William J. Nammack, both members of the New York Stock Exchange, on July 17 will be admitted to partnership in the Exchange firm of Raymond Sprague & Co., 39 Broadway, New York City, and the firm name will be changed to Sprague & Nammack. Jerome Nammack and William J. Nammack are partners in West & Nammack.

J. C. Ullman Opens

Jacques C. Ullman is engaging in a securities business from offices at 50 East 42nd Street, New York City.

NYSE Proposes New Commission Rates

Keith Funston, President of the New York Stock Exchange, reveals new schedule, already accepted by the Board of Governors, to be offered for members' consideration on July 23, and to be approved by the membership on Sept. 1.

Keith Funston, President of the New York Stock Exchange, on July 10 announced that the Board of Governors of the Exchange has accepted and has scheduled for consideration on Thursday, July 23, a proposed new schedule of minimum commission rates.

G. Keith Funston

The new rates, which include two innovations, would continue to be based on the amount of money involved in a transaction —whether 100 shares or an odd-lot. An estimated over-all improvement of about 15% in commission revenues of member firms would result from the proposed schedule, Mr. Funston stated in his announcement.

At the same time, however—in keeping with the Exchange's policy to encourage the small investor to own a share in industry —commissions on all round-lot transactions involving $1,000 or less would be lowered or unchanged. On most odd-lot transactions of $1,000 or less the new rates also would be lowered or unchanged.

The first innovation is a discount to apply when a round-lot or odd-lot is bought and sold within 15 days—the commission on the sell side being reduced by 50% with $2.50 then added in the case of round-lots and $1.50 on odd-lots.

A volume discount is the second innovation. For each 100 shares of a transaction totaling more than 1,000 shares executed for one customer on one day or on one order, there would be a 20% discount. (The proposed commission on, say, the purchase of 1,500 shares at $50 a share would be $40 for each 100 shares up to and including 1,000; only $32 for each of the last five 100 shares.)

All commission charges would be in even dollar amounts; the maximum commission being $50 and the minimum $6 on any single round-lot or any single odd-lot purchase or sale. Where the amount of money involved in a round or odd-lot is the same the odd-lot commission would be $2 less than the round-lot rate.

The average price of all stocks listed on the Exchange, Mr. Funston said, is now about $40 a share. The commission for buying or selling 100 shares of a listed stock selling at 40 would rise under the new rate to $35 from $30 —or from 0.75% of the amount of money involved to 0.875%.

Since November, 1947, when the existing commission rate schedule went into effect, "the cost of doing a securities commission business has risen more than 30%," the Stock Exchange President pointed out. He added that the proposed increase should give member firms an incentive to continue to furnish investors with the type of professional services they have a right to expect.

"That brokerage firms find it impossible to keep out of the red while trying to meet 1953 expenses with a securities commission income based on 1947 standards should not surprise anyone," he said. "Between November, 1947, and May, 1953, the purchasing power of the dollar—as measured by the National Industrial Conference Board in terms of a January, 1939 dollar worth 100 cents—declined by 26.78%."

Under the proposed new schedule, the commission on the purchase or sale of 100 shares priced at $10 each would amount to 1.5% of the money involved. For 100 shares at $30, the commission would amount to 1.0%; at $40, it would be 0.875%; at $50, 0.8%; at $80, 0.537%, and at $100, 0.45%.

On an odd-lot purchase or sale of five shares priced at $100 each, the commission would be $6, or 1.2% of the money involved; for 20 shares at $25, the $8 commission would represent 1.6%, and for 10 shares at $80, the $10 commission would amount to 1.25%. On five shares at $150, the commission would be $6 or 0.8% of the money involved.

The proposed new rates calls for an amendment to the Exchange's Constitution, which the Board of Governors will consider on Thursday, July 23. If and when the Board approves the proposed amendment, it must then be submitted to the membership for balloting. Members have two weeks to approve or disapprove. If a majority of the membership has not voted within that period, the time for balloting will automatically be extended another two weeks.

The rates proposed would become effective, if approved by the membership, on Tuesday, Sept. 1.

A special committee of nine Exchange members, headed by David Scott Foster, studied the question of commissions from June, 1952, until it reported to the Board in April. Copies of the Committee's majority report, as well as the minority recommendations, were sent to the membership. Thereafter, the Board received the advice and suggestions of a broad cross-section of the membership and evolved the proposed commission rate schedule.

Sheehan to Head Doremus in Boston

William J. Sheehan has been appointed Vice-President in charge of the Boston office of Doremus & Co., 53 State Street, according to an announcement by W. H. Long, Jr., Chairman of the Board of this national advertising and public relations agency. Mr. Sheehan succeeds Charles W. Morse, who has resigned.

Formerly the Doremus copy chief in Boston, Mr. Sheehan was for ten years Director of Public Relations at Eastern Gas and Fuel Associates, resigning in 1947 to work as a business consultant in Boston and New York. He was also affiliated with Selvage & Lee, a leading New York and Washington public relations consulting firm. He returned to Doremus in 1951 and has since been active on both Boston and New York accounts of the agency.

Mutual Income Foundation

DETROIT, Mich. — Mutual Income Foundation, Inc. has been formed with offices in the Penobscot Building to engage in the securities business. Officers are Murray D. Lincoln, President, Ralph L. Bouma and Harry W. Culbreth, Vice-Presidents, Dr. Robert A. Rennie, Secretary-Treasurer, and J. Edwin Keltner and P. L. Thornbury.

James F. Byrne

James F. Byrne, member of the New York Stock Exchange, passed away at the age of 71 of a heart ailment.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Insurance Stocks

Investment interest in stocks of life insurance companies has increased greatly in recent years.

In addition to a number of spectacular mergers providing stockholders with substantial capital gains, the operating outlook of the industry has improved materially and particularly during the past year. This has helped to attract attention to the investment position of these shares.

Probably the most significant development in recent years has been the change in interest rates. Interest rates have been rising since 1946 and particularly during the last two years or since the Federal Reserve withdrew fixed support prices from the government bond market. Rates are now close to 50% higher than they were several years ago, meaning that funds can be invested at much more advantageous returns.

The liabilities of a life insurance company are generally in fixed dollar obligations and their investments are, accordingly, confined to bonds or other fixed income securities. As yields have improved, funds have been invested at higher rates. Also, funds have been shifted from low yielding government bonds into mortgages or securities which provide a much higher rate of return.

These developments have enabled the companies to reverse the long downward trend of net investment return for the first time in over 20 years. This is very significant from the stockholders' point of view. Because of the large volume of assets invested in relation to capital funds, the leverage effect is considerable. In other words, as most of the premium income must be invested to protect the underwriting contracts of the company, and since life insurance policies are written on a basis which makes it necessary to earn a certain rate of return, any increase over the basic required rate is a favorable development from the standpoint of operations and the earnings of stockholders.

Another factor of considerable importance is the growth of the business. As the volume of life insurance in force increases the assets of the companies expand. American families are buying insurance in record amounts. Since 1945 when life insurance in force amounted to about $150 billion, the volume increased to $276 billion at the end of 1952 and by the end of the current period should exceed $300 billion. In the first six months of 1953, $19 billion of new insurance was purchased or 20% more than the $15.5 billion a year ago.

The increasing volume of business arises because of increasing population and the higher incomes enjoyed by the greater number of family units. Many people not formerly in a position to purchase life insurance, are now, because of changed economic circumstances, purchasers of policies or through their employment, participants in group policies.

The depreciation in the purchasing power of the dollar has also been an important factor in stimulating sales. In order to maintain the total purchasing power of an estate for the beneficiaries, it has frequently been necessary to increase the amount of life insurance carried.

Another factor which has operated to the benefit of life companies and should continue to do so, is the steadily improving mortality rates. Medical advances have prolonged life expectancy and this has made the underwriting phase of the life insurance business consistently profitable. Indications are further advances will be made along these lines so that underwriting operations should continue favorable.

While the foregoing considerations make one enthusiastic about the prospects for life insurance operations, the possibilities of investing in this group of securities are definitely limited. Most of the large companies in the field are, of course, mutual organizations which eliminates them from investment consideration. There are a large number of small companies in various sections of the country doing business more or less on a regional basis. In addition to only a limited amount of information being available on these institutions, trading in the shares is very meager so that it is difficult to obtain a position in these stocks. Among the shares which have established markets the four leading companies include Aetna Life, Connecticut General, Lincoln National and Travelers. In this group it is recognized that some have investments or do business outside of the life field. Their primary interest, however, is in life insurance.

In the tabulation below, the price range and current market together with dividends and yields are shown on the above companies. Obviously the shares should be purchased where capital appreciation on growth is the objective rather than for current income.

	1953 Price Range	Current Price	Dividend	Yield
Aetna Life	83½- 67½	71½	$1.50	2.09%
Connecticut General	200 -175	191	1.80	0.94
Lincoln National	188 -158½	165	1.00	0.61
Travelers	810 -720	725	14.00	1.93

No Dollar Shortage Abroad!

By CLAUDIUS T. MURCHISON
Economic Advisor,
American Cotton Manufacturers Institute

Dr. Murchison, calling attention to peak reached in foreign gold and dollar balances, holds these balances are adequate for use in purchase of American goods and to provide free exchange for the trade of other nations. Says so-called dollar gap closed in 1952.


Dr. C. T. Murchison

For seven years America has believed that the return of health and growth to its export trade and to total world trade awaited only the restoration of foreign buying power. That buying power has now been acquired. The spendable monetary supply of foreign countries in the form of dollars and dollar-bought gold has grown with startling rapidity to unprecedented volume. When the official casting up of accounts is made as of June 30, this year, the figures will show that known foreign holdings of gold and dollars will have surpassed the highest point of previous years by as much as a billion dollars. To this indicated total of $21.5 billion, or more, can be added an indeterminate amount of many hudreds of millions arising from unrecorded payments.

To prove that even in international transactions the hand is quicker than the eye, the general public still thinks in terms of dollar exchange scarcity, and in Washington many of the legislative proposals dealing with the problem of agricultural export surpluses are still based on the assumption that foreign countries do not have dollars.

The so-called dollar gap closed in 1952. In the 12 months from April 1, 1952, to March 31, 1953, the United States was on the debit side of the known payments balance by $2.3 billion dollars. This net addition to foreign dollar account remained after interest and amortization payments on American debt. United States economic aid grants and loans during the same period also amounted to $2.3 billion. The entire amount, therefore, went into the unspent balance of foreign countries. The Department of Commerce reported it in a sentence which concluded with ". . . the rest of the world as a whole . . . could have balanced their transactions with the United States without such government grants and loans."

The record thus described was the averaging of 12 months, and so fails to disclose the rising trend of foreign dollar supply within the period. In the final quarter, the excess of foreign dollar receipts, excluding military aid, was $753 million, after interest and amortization payments. Economic aid and loans were about $501 million. This entire amount, therefore, was pocketed, in addition to $252 million of excess dollars from other sources which were non-military, non-aid, and non-borrowed.

Official figures are still lacking for the April-June quarter just ended, but preliminary data as informally viewed by the authorities indicate no change in the trends. There appears no reason to doubt that the next official report will show that during the 15 months, April 1952-June 1953, net dollar accumulations of foreign countries from current transactions with the United States approximated $2.8 billion and possibly $3 billion.

Total dollar funds of foreign countries are thereby raised from $14.7 billion in 1948 to the unprecedented total of $21.5 billion, or $21.7 as of today.

Dollars "Salted Away"

This of course explains fully and decisively why our export trade has languished. Dollars cannot be lifted from the outward flow of dollar exchange to the amount of $2.3 billion per year, salted away in so-called "reserve accounts," and at the same time be used to buy American goods. It is equally obvious that foreign aid and loans will not help the situation when they serve only to swell unspent foreign credits.

The harvest time having come for the $40 billion of seed dollars sown abroad since World War II, we reap a crop of trade restrictions against the United States no less unprecedented than the buying power we have sown. Import quotas and embargoes exchange allocations and prohibitions; import and exchange taxes, multiple exchange rates, government regulations of prices taxes and quantities of exports; a new mounting wave of tariffs in addition to all these.

Dollar Purchases Restricted

Everywhere outside North America the return flow of dollars to the United States is drastically limited. At least one country prohibits entirely the allocation of dollars for the purchase of American goods. Another which has on account $2.5 billion American dollars, with a favorable balance of $330 million in the first quarter of this year has announced a limited quota on the import of American cotton during the forthcoming season. She will be using her dollars for the purchase of goods elsewhere.

The last reference leads us to the summation of our problem. Foreign countries are using their dollars to purchase goods elsewhere. The driving force behind the stepped-up effort to accumulate dollar exchange is the desire to possess the one currency which will finance every type of transaction among all countries. In the present state of confused trade, this attribute of the dollar imparts to it an added world value over and above its purchasing power in the United States.

This added increment of value in the dollar is magnified by the fact that in most countries dollar balances belong to governments rather than individuals. Consequently they are essential implements of national policy with respect to all countries. Most countries would be totally unable to finance any type of international transaction above the barter level without the availability of dollars.

Aside from being the only currency in the world which is freely and fully convertible into gold, it is the only major currency which is subject to no exchange restrictions. It is the only universally acceptable medium of capital transfers.

Hence, so long as other currencies are unstable and inconvertible, the pressure on the dollar to finance trade outside the United States will grow. Its use in the purchase of American goods will be kept to the irreducible minimum.

Dollar balances in New York will be used increasingly as clearance devices in the trade of other countries, and excess amounts above such needs will be drawn on for gold purchases or converted into U. S. Government securities.

A "Calculated Policy"

As a matter of calculated policy, foreign governments are thus diverting dollars from the American export market. American cotton piles up in the warehouses; American wheat bursts the granaries, with no relief in sight except through give-aways. The shadows of acreage controls and restricted production once more sweep over the land.

Where are those people who said that dollars were homing pigeons?

To Be S. W. West & Co.

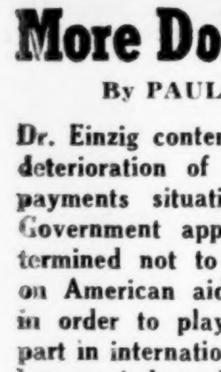
Effective July 17, following retirement of Jerome W. Nammack and William J. Nammack from the firm, the name of West & Nammack, 115 Broadway, New York City, members of the New York Stock Exchange, will be changed to S. W. West & Co.

Britain Wants No More Dollar Aid

By PAUL EINZIG

Dr. Einzig contends that, despite deterioration of the balance of payments situation, the British Government appears to be determined not to depend further on American aid. Says Britain, in order to play a more active part in international affairs, must become independent of America.

LONDON, Eng.—The figures of the Sterling Area gold reserve for June caused disappointment in London. The surplus was $46 million, of which $28 million represented U. S. Defense Aid, leaving a real surplus of $18 million. This was below expectations. It had been hoped that the spendings of American visitors during the Coronation period would result in a more substantial surplus. Under the influence of the disappointing June figures experts are inclined to take a pessimistic view about the gold prospects during the second half of this year. They believe that Britain may not be able to increase the gold reserve further. Indeed the possibility of a slight decline during the coming months is envisaged. This pessimism appears to be justified by the trend of British foreign trade. Imports have increased considerably in May, and the adverse balance is wider. The rising trend of wages has become accentuated, which, together with growing foreign competition, is expected to aggravate the difficulties of maintaining exports.



Dr. Paul Einzig

Paradoxical as this may sound, it seems that trade recovery at home has affected adversely the British balance of payments. During 1952 production declined and remained well under its level for 1951, and unemployment increased accordingly. At the same time the balance of payments improved considerably. Now that the output has recovered to its 1951 level, and unemployment has declined correspondingly, the balance of payments is becoming less favorable. The explanation of this paradoxical situation is that most of the increased output is absorbed by the domestic market, which means that the increased imports of raw materials required as a result of the business recovery is not accompanied by a corresponding increase of exports. Once more there is too much purchasing power in the hands of consumers, and their inflated demand affects both imports and the trend of wages and costs.

In its current issue the official "Bulletin for Industry," published by the Treasury, strikes a pessimistic note about the prospects. This is indeed necessary, for exaggerated optimism about the extent of the recovery since the crisis of 1951 is largely responsible for the excessive wages claims.

Notwithstanding the worsening of the position and prospects, the government is believed to be determined not to depend any longer on American aid. Once the Defense Aid which has been authorized by Congress comes to an end, it seems certain that the government will decline any further dollar aid. This attitude is connected with Sir Winston Churchill's determination to insure that

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Britain Wants No More Dollar Aid

Britain plays a more active part in international affairs than she has played since 1945. To that end it is necessary for Britain to become independent of American aid. Her dependence on dollar aid has been greatly detrimental to her prestige and has gone a long way toward undermining British national character.

There are many people who realize that it was a mistake in 1945 to accept the big dollar loan. Britain could and should have worked out her salvation unaided, in order to be able to deal with the United States on an equal footing, instead of being reduced to the role of the poor relation supported by his wealthy cousin. However, the Socialist Government attached more importance to the hasty creation of the Welfare State than to the nation's prestige and self-respect. It accepted the loan in spite of the strings attached to it, and later it accepted Marshall Aid. The result was the widespread adoption of a complacent attitude. It was felt that, no matter how much Britain overspends, the United States is sure to come to her rescue in case of trouble. This mentality was highly detrimental to a national effort to consolidate Britain's position instead of continuing to drift from crisis to crisis.

Even the change of government in 1951 did not immediately affect this mentality. Last year and early this year the Conservative Government was very anxious to return to convertibility even though it would have meant further financial aid from the United States. One of the results of Sir Winston Churchill's determination to take the initiative in international affairs is the realization that this must necessarily mean the end of any American aid, whether for convertibility or for other purposes. For so long as Britain is dependent on American aid the British Government is not in a position to make itself felt adequately in the council of nations.

The question is, how Britain can achieve independence of dollar aid. First of all, any ideas of precipitate action to restore convertibility have to be postponed indefinitely. The present level of the Sterling Area gold reserve may be high enough to enable the Sterling Area to carry on, but it certainly does not allow anything for the risk involved in convertibility. Such assistance as the International Monetary Fund could offer would be a mere drop in the ocean. There can be no question of convertibility for many years without American aid.

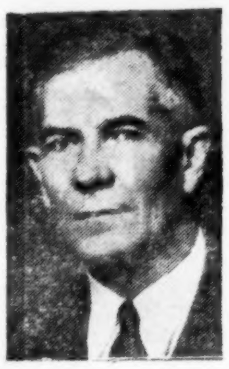
It would be highly beneficial if the government made it quite plain beyond any shadow of doubt that it is determined not to ask for or accept dollar aid in time of peace. The realization that Britain can no longer bolster up her standard of living with the aid of American money should go a long way to induce the nation to work harder and to live within its own means. Twice in our lifetime, in 1931 and in 1940, the British people were inspired by imminent danger to make a supreme effort. At present the danger does not appear to be imminent, so that it will be more difficult to provide the necessary inspiration. Nevertheless, if anybody stands a chance of being able to do it it is Sir Winston Churchill. Even though many people may disagree with his domestic or foreign policy, his prestige never stood higher, and it is possible that the nation may respond to his call for a supreme effort to make this second Elizabethan era an era of national greatness.

America's Responsibilities In a Free World

By HON. A. WILLIS ROBERTSON*
U. S. Senator from Virginia

In asserting "hands across the sea, and not sniping across the sea, can be the only basis for a mature and lasting foreign policy," Sen. Robertson endorses principle of collective security. Says our role must be maintenance of our own security by furnishing assistance to friendly nations in interest of international peace and security, but consistent with keeping our own economy sound and providing for our own defense.

Because of our superior wealth and power it is clearly our manifest destiny to take a leading part in the community of free nations for the preservation of personal freedom. The only question before us today is the manner in which our leadership should be exercised to give maximum benefit, both to ourselves and to our allies. And I might add that hands across the sea and not sniping across the sea, can be the only basis for a mature and lasting foreign policy.



A. W. Robertson

We cannot and will not shirk the responsibilities imposed upon us. They are implicit in our endorsement of collective security throughout the world. Briefly stated, our role must be the maintenance of our own security by furnishing assistance to friendly nations in the interest of international peace and security, consistent with keeping our own economy on a sound basis and providing adequately for our own defense.

We Must Continue Aid to Underdeveloped Countries

The peoples of the underdeveloped countries of Asia, Africa and the Middle East are seething with nationalistic revolt. In their poverty and misery they present an easy mark for the false ideals of the men of the Kremlin. Under the past Administration the United States has rendered substantial aid to these peoples in their quest for a dignity of life which they have never known before. No miracles have been produced but none were expected. The road has been rough and inherited prejudices hard to overcome but if our technicians can help to provide in those areas modern agricultural methods, better education, sanitation and health for these people, the current trend to Communism in Asia and the Middle East may be stemmed. The present Administration intends to continue the technical cooperation program and this export of our technical assistance is one way to combat an adversary who has the advantage of guile plus savageness in a civilized world.

But in Europe there are different problems. We have spent more than $40 billion since World War II in an effort to rehabilitate the economies of those war-torn nations and many of them are now above their pre-war levels. They now are able and should be willing to help themselves.

The Interparliamentary Union is one of the oldest peace organizations in the world. Fifty-odd nations are members and its annual conferences are characterized by a great freedom of expession because it is well understood that those who speak are expressing their own views and are not committing their governments.

*From an address by Sen. Robertson at the Institute of Public Affairs, University of Virginia, Charlottesville, Va., July 6, 1953.

At a meeting of this Union in Bern, Switerland, last summer I heard frequent references to the United States as an imperialistic nation. As that theme was developed I gradually found that the speakers had reference to our policy of a protective tariff, which to a large extent excluded from our domestic markets all manufactured items of a truly competitive character.

Must Ease Tariffs

The Europeans want trade, not aid, and since most of their markets to the East are cut off by the Iron Curtain and historic trade patterns have been destroyed, they turn to the only great market left — the United States. We have not adequately responded to this appeal for, although our exports in 1952 totaled over $15 billion, our imports were limited to $10 billion by a screen of restrictive trade blocks.

We claim to be the champion of a free and competitive economy, but we can hardly expect other nations to forsake state control of business when we ourselves demand such a large measure of government restraint in imports.

It is a familiar device of those who argue that our tariffs are not high to include in our imports items we do not produce such as crude rubber, strategic minerals, tropical fruits, spices, etc., which bulk large in our imports but on which there has never been a tariff. Then they strike an average which to the uninformed indicates a very reasonable measure of protection.

Ever since the beginning of our government tariffs have been a political issue. That great wizard of finance, Alexander Hamilton, recommended a protective tariff for our infant industries but at the start the Congress imposed tariffs for revenue only. As we gradually moved from that position to one of protection a wedge was driven between the agricultural South and the rapidly industrialized North which touched off the famous debate between Hayne of South Carolina and Webster of Massachusetts, in which Hayne predicted that if the government persisted in a policy of forcing Southern cotton planters to sell their products in the free markets of the world while buying their supplies in a protected domestic market, the South would eventually be forced to secede from the Union.

"Taxes Upon Consumers"

For many years the principal political difference between Democrats and Republicans was the tariff issue. During that period it was the effort of Democratic leaders, who realized that tariffs were nothing more nor less than taxes upon consumers for the benefit of manufacturers, to find a proper balance between the protection of American industry from the cutthroat competition of foreign goods made by low-cost labor and the rights of our citizens under our American system of free competitive enterprise to buy in a competitive market; and the rights of American farmers, who always have needed foreign outlets, to ship their products abroad in return for what we bought from abroad.

That fundamental Democratic principle was well stated by that great son of Virginia, Woodrow Wilson, in his tariff message to the Congress in the spring of 1913 when he said:

"We have seen tariff legislation wander very far afield in our day. . . . We long ago passed beyond the modest notion of 'protecting' the industries of the country and moved boldly forward to the idea that they were entitled to the direct patronage of the Government. . . . Consciously or unconsciously, we have built up a set of privileges and exemptions from competition . . .; until at last nothing is obliged to stand the tests of efficiency and economy, in our world of big business, but everything thrives by concerted arrangement. . . . Aside from the duties laid upon . . . luxuries and merely for the sake of the revenues they yield, the object of the tariff duties henceforth laid must be effective competition, the whetting of American wits by contest with the wits of the rest of the world."

Favors Moderate Tariffs

Today's leaders would do well to harken to the words of this great statesman. I always have favored a moderate tariff policy which by permitting more liberal imports to the United States creates a market abroad for the agricultural and industrial surpluses of the United States' economy. A complete elimination of all tariffs is neither practical nor possible at this time. But the present tariff law is unwieldly and unrealistic and must be revised. Customs procedures must be simplified, tariff schedules must be scaled downward to conform to the realities of international trade; and any future philosophy of tariffs must spring from the realization that when our friends are strong they will also be free and our own country will partake of that strength and freedom.

Mutually beneficial foreign trade is essential for us. We have large exportable surpluses and are faced with the painful fact that our supply of give-away dollars is fast running out. We have just closed the fiscal year with a deficit of more than nine billion dollars. We are entering another fiscal year in which the deficit is estimated at not less than six billion dollars. Due to inflation our domestic dollars have lost 48% of their purchasing power while our taxing program is the highest and most burdensome in our history. We must realize that however noble the purpose of collective security that goal will never be well served by gifts which place an intolerable burden on our own economy.

Can't Trust Kremlin

Economic cooperation is one phase of world leadership, but circumstances still require us also to provide military strength. I have been heartened by recent developments in Eastern Germany and the Russian satellite nations. I have offered my prayers along with the prayers of thousands who hope that there may be some sincereity behind the so-called "peace offensive" of Russia; but bitter experience has taught us that the leaders of Russia are not men of good will. They hold the olive branch of peace in one hand and the sword of war in the other.

We must ask for concrete actions from them and until these actions are forthcoming we would hazard our national security if we failed to maintain a defense establishment of sufficient power to deter aggression. Our present armaments budget is appalling, and involves continuing sacrifices. But better to endure such hardship than to put a price tag upon our freedom.

It has been said that war can no longer be localized. The same science which has brought the nations of the world jostling together has made both world safety and world prosperity indivisible.

The Politburo has obtained domination over 800 million people and now seeks to bring under its control the manpower of the Orient and the productive skill of the 270 million people of Western Europe. Then it would feel strong enough to challenge us.

Need Allies As Equals

To meet that challenge we need more than the strength of our material armament. We need Allies who will cooperate with us, not as servants or followers, but as free and equal partners in a joint enterprise. And to have those allies we must offer them cooperation along the lines I previously have indicated—sharing our technological progress and our markets with them.

But beyond this, we need to demonstrate not only to our Allies but to the masses of people under Soviet domination that we have a better way of life which we are willing and eager to share with them. We must convince them of the sincerity of our acceptance of the answer given by the Man of Nazareth in His parable of the Good Samaritan and in His Sermon on the Mount to the cynical question of Cain: "Am I my brother's keeper?"

We shall do this by recognizing, as Thomas Jefferson did, that (and I quote Jefferson): "With nations, as with individuals, our interests, soundly calculated, will ever be found inseparable from our moral duties; . . . history bears witness to the fact that a just nation is taken on its word, when recourse is had to armaments and wars to bridle others."

Continued from first page

As We See It

an indirect result of the inflationary policies of the Federal or otherwise, are accordingly attracted more to the short-term than to the long-term market.

Dubious Conclusions

Probably there would be not a great deal of disposition among the matriculate to argue such points as these. There is, however, a fairly general disposition to draw a number of highly dubious conclusions from all this recent experience. One of these is the observation now frequently heard that the market mechanism now available for distributing governments and the machinery available for "making a market" for outstanding governments is grossly inadequate when measured against the size not only of current Treasury needs but against the astronomical volume of government obligations now outstanding.

The reader will doubtless have reservations of his own—as have we—about the philosophy of this business of "making markets" for government securities, but there can be no question that the task of placing huge Treasury issues, whether funding, refunding or for new money, in the hands of investors outside the banks is one which requires very extensive and efficient machinery. The plain fact is, however, that if such machinery is lacking today, the cause is not to be found in lack of individual initiative, and the remedy is not to be found in the arbitrary development of mechanisms by the Government or by means of governmental subsidies.

This lack of machinery—if it exists—is a result of the fact that there has been no really free governments market for two decades. On the contrary, what has existed is a situation in which government obligations were placed more or less by official edicts, and in which the market behavior of outstanding governments was decreed during most of these years by the Treasury and the Federal Reserve System. This was hardly a state of affairs to attract competent market operators in substantial numbers. What is more, private capital and private management are not likely to be greatly attracted to the field so long as there remains good ground for doubt as to what the situation in these respects is to be in the future.

Not Enough!

But there are other aspects of this situation which are even more disturbing. The diagnosis of the current state of affairs as one in which there is simply not enough money to go around, in which private demand is absorbing all the money there is, and in which there is nothing left to do but to create the funds the Treasury needs, is gaining ground. The number of adherents is growing daily, as is the impression that by thus creating the funds the problem is solved. The other current belief which can hardly leave thoughtful observers with full peace of mind is that any course but that of a continuation of the expansion of the money supply would almost inevitably bring on a sharp and probably serious setback in business conditions generally. Those who reason in this way are, of course, quite in sympathy with what the Federal Reserve authorities have been doing of late, and there can be no question that the general feeling in the financial district since this element of "ease" has been introduced has improved measurably.

To the thoughtful observer, however, at least two questions simply will not down. One of them is this: Is not the fact that available funds are all being taken by private

industry a plain indication that not only the funds but the economic resources of the nation are being utilized as fully as the people of the country are willing to utilize them? In such an event, and if the entry of the Government into the picture on a larger scale than heretofore does not result in some retirement of competing private groups or in an increase in the degree or the efficiency of the utilization of economic resources, what other than inflation can be accomplished by pouring more money into the situation via government loans made by the commercial banks?

When?

The other question is this: If in a situation such as that now existing it is not economically feasible to place restraint upon the further expansion of bank credit, when can we expect to be able to take action safely to prevent an indefinite expansion of credit which would obviously end sooner or later in a completely worthless dollar and a crushed economy? Business is going virtually at capacity. All sorts of plans for expanding production capacity are common. Current demand for almost all types of goods—certain agricultural products excepted—is rather better than excellent. The economy has great momentum. Defense expenditures will continue very high. If no restraint can now be placed upon inflation of bank credit without precipitating trouble, will there ever be a time when it can be done—and, if not, what is in store for us in the long run?

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Why We Should Restore The Gold Standard

ity and real income has always been around 3% a year, a fact which indicates that maybe we have not even maintained a normal pace, in spite of the extra billions that pass through the people's hands.

IV

There can be no doubt that, being composed of human beings, there never was a Congress or an Administration that did not like the idea of being able to spend money without seeming to get it from the people.

But in all honesty, we must admit that it is a dangerous power, and in this case one which has outlived its justification.

The device we have been using—namely, deficit spending or the monetization of public debt—was facilitated on such a large scale by taking something away from the people, and it can be corrected by giving that something back to the people.

That something I refer to is the power of the citizen to convert his dollars into gold coin.

It seems worth while at this point to review briefly the technique of deficit spending and its relationship to gold.

Monetization of public debt is, of course, called "borrowing from commercial banks."

Commercial banks do not loan any existing money: they create new money called "a deposit"—money that never existed until the loan was made and ceases to exist as soon as the loan is paid off.

When a bank makes a commercial loan to a business, that is, creates deposits representing goods being produced, the national books are what you might call "Balanced" because something is being created that later on will be offered for sale and the loan is usually repaid within a few months as the goods are sold.

But when commercial banks lend money to the Federal Government, the money is not used to create additional goods: it is used to buy goods already created.

As far as the money supply is concerned, this is like adding water to milk—the quantity is greater but the quality is lesser.

We owe an obligation to American citizens to prevent further watering of the purchase value of their money. We must prepare to fulfill this obligation by restoring a currency that is convertible into gold coin on demand.

There is no greater index of public confidence in government than a public lack of desire to own gold.

By its very nature gold is undesirable as a possession during times of monetary stability because its ownership represents hoarding, and you can't make any money hoarding money.

As a result, a demand for gold shows that the people believe that the value of their dollar is about to be reduced by an improper increase in the number of dollars.

Now, why cannot we take the step immediately of full return to a gold-redeemable currency? The answer is to be found in the situation that exists today, a situation that is the direct result of two decades of the loose fiscal policies of the preceding Administration.

During the past six months, the new Administration has carefully studied all aspects of the problem that we have inherited, and this is the situation we found:

(1) Tax receipts to be expected during the present calendar year had been seriously overestimated by the preceding Administration, with the result that actual receipts in the March and June quarters were $2,400,000,000 below estimates.

(2) The defense program has been reviewed; many contracts have been cancelled; and all projects that could be delayed without endangering the defense effort have been postponed. Nevertheless, the commitments previously made for armament to be delivered in the next several months are so large that spending for defense cannot be materially reduced at once.

(3) The result, as the Treasury has announced, will be a cash deficit of several billion dollars for the fiscal year and due to slowness of receipts will show a temporary cash deficit of $8 to $9 billion between July 1 and Dec. 31.

Obviously, it is our responsibility to cope with the situation in the manner best calculated to minimize the harm that otherwise might result. We must strengthen confidence in the Nation's currency and in its securities. If that is done, more present holders of United States savings bonds will be willing to retain them, thereby reducing the deficit financing that would otherwise be necessary. No one can guarantee that even the wisest policies will enable us to avoid the after-effects of the great inflation of recent years, but by making our intentions clear we can restore confidence in the Nation's fiscal policies and thus lessen the problem to be solved.

V

It would be unrealistic to expect this body or any similar body not to be conscious of what might happen at the polls as a result of any new policies that might be put into effect.

There is no doubt that the American people do not want to pay higher taxes.

If (without proper explanation) taxes were to be raised in order to avoid additional monetization of public debt, there is little doubt that the voters would register a vigorous protest.

But let's consider another situation: that of having to explain to the people that taxes cannot be cut until commercial bank borrowing has ended.

It should be our plain duty to warn the people that additions to the money supply constitute a form of taxation even more onerous than direct taxes.

There are many people who believe with entire sincerity that the truth about money and taxes is beyond the comprehension of the average man.

This I do not believe: money and taxes when discussed at stratospheric levels can be beyond the comprehension of almost everyone but a handful of specialists, but discussed at a practical level, any high school student can understand the basic principles.

Even if I should be over-optimistic about the matter of public understanding of fiscal policy, I feel that the effort is one which our conscience cannot permit us to ignore.

I am convinced that public interest in these matters can be crystallized around the issue of gold.

I have, therefore, introduced a bill, the purpose of which is to restore gold coin redemption to the American people.

From the hearings on this bill can come the opportunity to publicly reexamine the deleterious effects of continuous deficit spending and in due course to chart a fiscal course to which we can adhere with safety and morality in spite of the economic pressures of the cold war.

I am convinced that once the American people understand the true nature of the problem, the Congress and the Administration can expect their wholehearted support and cooperation.

Keppler Offers No. Am. Peat Moss Stock at $1

R. A. Keppler & Co., Inc., of New York City, are offering publicly an issue of 500,000 shares of common stock (par 10 cents) of North American Peat Moss Co., Inc., at $1 per share "as a speculation."

The net proceeds are to be used to purchase equipment and for general corporate purposes.

The corporation was organized in Delaware on Dec. 18, 1952 to exploit, equip, operate and market the product of about 900 acres of the Escuminac Peat Moss Bog in the Province of New Brunswick, Canada.

According to an estimate, about 60% of the peat moss used goes into horticulture and market gardening. Imports of peat products into the United States have increased steadily until the aggregate imports of 124,861 tons in 1950 almost equaled the domestic production of 130,723 tons for that year.

Railroad Securities

Winter Wheat Loadings and the Carriers

Year-to-year traffic comparisons in recent weeks have shown wide variations as between various sections of the country and between individual roads. The industrial roads in the East, and roads in other sections of the country that receive any substantial traffic from the steel industry directly, have naturally been reporting particularly wide gains compared with the period of the 1952 steel strike. These favorable comparisons will almost certainly continue through the early weeks of August as last year's strike was not terminated until late in July and the influences carried over into the following month. Iron ore roads have also been reporting wide tonnage increases, with Great Northern's total car loadings running at more than double the 1952 level in some weeks. These favorable comparisons are also likely to be extended for some weeks to come. In fact, July comparisons may be even more spectacular than those of June.

At the other end of the scale are to be found some of the important winter wheat carriers. Last year there was a bumper crop. This year the latest official estimates place the probable yield nearly 30% lower. In some sections of Kansas and Oklahoma the drop will be considerably more severe. It is a well known fact that there is a large carry-over from last year's crop in storage and it had generally been expected that a substantial part of this would have to be moved in order to make way for the new crop as it was harvested, thus lessening the impact on railroad car loadings of this year's short crop. As a matter of fact, not too long ago there were press reports to the effect that the Commodity Credit Corporation had started to move some of its stored grain East. Be that as it may, in the opening weeks of the new crop season there was a sharp drop in grain loadings in the winter wheat territory.

As is generally the case with railroads the impact of the short crop has varied widely even with roads operating in the same general territories. Also, the influence on earnings of the decline in wheat shipments will vary widely, depending on the importance of winter wheat in the over-all traffic makeup of the individual railroad. Obviously even a complete failure of the crop in the entire belt would weigh more heavily on a road that normally gets 10% of its total freight revenues from wheat than on a road that normally relies on wheat for only 5% of its freight receipts.

The following tabulation compares the status of the six most important rail carriers of winter wheat. The first column shows the per cent of 1952 freight revenues represented by wheat. The second column indicates the decline, in per cent, in loadings of wheat for the three weeks ended July 4, 1953 compared with the like interval a year earlier.

Naturally, the decline in wheat loadings, concentrated as the movement is in a relatively short span of weeks, will likely have some adverse effect on earnings for June and July, particularly for Santa Fe and Rock Island. Nevertheless, even for these two roads the decline in the one commodity is not expected in financial quarters to have any great influence on the earnings for the full year 1953. It is still being estimated by most analysts that both of these roads will be able to report increases in earnings this year over the excellent 1952 results. Industrial expansion of the past decade has materially reduced the dependence of such roads on the movement of a single farm commodity.

	% of 1952 Freight Rev. Contributed by Wheat	Decline in Wheat Loadings 3 Wks. Ended July 4
Atchison, Topeka & Santa Fe	6.3%	45%
Chicago, Rock Island & Pacific	11.0	36
Missouri-Kansas-Texas	7.6	20
Missouri Pacific	5.9	25
St. Louis-San Francisco	4.8	21
Union Pacific	5.7	16

Schoellkopf, Hutton Appoints Officers

Schoellkopf, Hutton & Pomeroy, Inc., securities dealer, announces the appointment of Carl A. Haller, William S. Kraybill, and Raymond W. Pyle as Assistant Vice-Presidents of the corporation, with headquarters in the New York office, 63 Wall Street. Mr. Pyle is also currently President of the Corporation Bond Traders Club.

Haseltine, Gilbert & Wilson Formed

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Haseltine, Gilbert and Wilson, Inc. has been formed with offices at 108 Ninth Street, South, to engage in the securities business. Officers are F. M. Haseltine, President; R. W. Wilson, Vice-President; and L. G. Gilbert, Secretary-Treasurer. Mr. Haseltine and Mr. Gilbert were previously with J. W. Goldsbury & Co.

Davies to Admit

SAN FRANCISCO, Calif. — On July 23 Wesley J. Roland of Berkeley will be admitted to general partnership and Howard M. Yeager to limited partnership in Davies & Co., 425 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Winslow, Douglas to Admit

Winslow, Douglas & McEvoy, 120 Broadway, New York City, members of the New York Stock Exchange, on Aug. 1 will admit Robert C. L. Timpson to limited partnership. Mr. Timpson will retire from partnership in W. E. Hutton & Co. July 31.

W. E. Hutton to Admit

On Aug. 1 Austin E. Casey will be admitted to partnership in W. E. Hutton & Co., 14 Wall Street, members of the New York Stock Exchange.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Todd G. Tiebout, Assistant General Counsel, has been appointed Vice-President and General Counsel of the **Federal Reserve Bank of New York**, effective Aug. 1, Allan Sproul, President, announced on July 8. At the same time, Mr. Sproul announced that John J. Clarke, Secretary and Assistant Counsel, will become Assistant General Counsel; Arthur H. Willis, now Assistant Secretary, will succeed Mr. Clarke as Secretary; and Gregory O'Keefe, now Assistant Counsel, will become Assistant Secretary, continuing as Assistant Counsel. Mr. Tiebout's appointment will fill the vacancy in the office of Vice-President and General Counsel resulting from the retirement, effective Aug. 1, of Walter S. Logan, who has been the senior officer in charge of the Legal Department since he came to the Bank in 1928. Mr. Logan will resume the general practice of the law as a member of the firm of Reynolds, Richards & McCutcheon, of New York City, of which he was a member before his connection with the Reserve Bank. Before joining that firm in 1922, Mr. Logan had been General Counsel of the Federal Reserve Board, in Washington.

Mr. Clarke, came to the bank in 1941 as a Special Attorney in the Foreign Funds Control Department. Effective April 1, 1946, he was apopinted Assistant Counsel and Assistant Secretary, becoming Secretary in 1949. Mr. Willis, who succeeds Mr. Clarke as Secretary, has been with the bank since 1941, serving in the Securities Department. He was appointed Assistant Secretary in 1952. Mr. O'Keefe, served in the United States Navy during World War II, and joined the bank's staff in 1948. He was appointed Assistant Counsel earlier this year.

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Irving Trust Company of New York announced on July 9 the promotion of four members of the company's branch office staff. Kenneth M. McGhee, formerly Assistant Vice-President, has been named Vice-President while George W. Lownes, G. Robert Truex, Jr. and Don C. Wheaton, Jr. have been elected Assistant Secretaries. Mr. McGhee came to the Irving in 1934 following graduate work in Business Administration at the University of Pennsylvania, and for the past 10 years he has been connected with the Irving's 48th and 51st Street Offices. Mr. Lownes is in charge of operations at the 42nd Street Branch Office. He has had wide experience in a number of banking activities. Mr. Truex, a member of the Empire State Branch Office staff, came to the Irving in 1949. Mr. Wheaton came to the Irving in 1952 after previous banking experience. He is located at Irving's 57th Street Branch.

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S. Sloan Colt, President of **Bankers Trust Company of New York** announced on July 13 the following changes in the official staff: Chester Baylis, Jr., formerly an Assistant Vice-President, was elected Vice-President; and the following Assistant Treasurers were promoted to Assistant Vice-Presidents: Raymond T. Andersen, Banking Department; Rudolph A. Schlumpf, Bond Department; and Charles A. Frank, Pension and Personal Trust Department. Harold W. Johnson of the Banking Department, Fifth Avenue Office, was elected an Assistant Treasurer. Mr. Baylis, a graduate of Princeton University, has been with the bank since 1929. Mr. Baylis was appointed Trust Officer in January, 1946, and became an Assistant Vice-President in April, 1946. Mr. Andersen, a member of the official staff of the Rockefeller Center Office, has been with the bank since 1945. He attended New York University and was elected an Assistant Treasurer in 1951. Mr. Schlumpf was educated in France and Switzerland and spent six years in French and Swiss banks before coming to Bankers Trust Company in 1927, where he has spent most of his time in the Bond Department. Mr. Frank who was originally employed in 1927 is a graduate of Massachusetts Institute of Technology and the Harvard Business School. Mr. Johnson has been associated with the bank since 1926.

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Chemical Bank & Trust Company of New York, long identified with the textile industry, will open a new Textile Office at 199 Church Street in the spring of 1954, it was announced on July 15 by N. Baxter Jackson, Chairman. Compared with 7,100 square feet of floor space now occupied at 320 Broadway, the Textile Office will have 14,000 square feet at the new location, including the first floor and basement. The building at 199 Church Street, a 15-story structure, is being erected by the State Insurance Fund which will occupy all space other than that leased by Chemical Bank. Mr. Jackson, in announcing the new move, pointed out that Chemical has been actively engaged in furnishing banking facilities to the textile industry since the bank was founded in 1824. Kenneth A. Durham, Vice-President, is head of the Textile Office, now at 320 Broadway. Prior to coming with Chemical in 1951, Mr. Durham had spent his entire career in the textile industry. Other officers associated with Mr. Durham are: Earle V. Haring, Assistant Vice-President; Raymond L. Baris, C. Houghton Birdsall and Donald R. Jones, Assistant Managers.

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Willard A. Kiggins, Jr., President of A. H. Bull Steamship Co., was elected a director of **Corn Exchange Bank Trust Co. of New York** at a directors meeting on July 8.

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The first "Motor Branch" of the **National City Bank of New York**, at 505 Southern Boulevard in the Bronx, opened on July 13. Known as the "East Bronx Branch" it is the bank's fifth in that borough and its 68th in New York City. Customers can carry out their routine banking transactions without leaving their cars and ample areas of parking space have been provided. The complete services of National City will be available at the new Bronx unit, which is near 149th Street. Herman Bonhag, who has been with the bank 18 years, is Manager.

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Appointment of Edmund J. Nicholas and Anthony J. Kearshes as Vice-Presidents in the Personal Trust Department of **Manufacturers Trust Company of New York** was announced on July 10 by Horace C. Flanigan, President. Since 1930, when he joined the staff of the trust company, Mr. Nicholas has been engaged in Personal Trust new business development. In recent years he has specialized in Pension and Profit-Sharing Trust promotion. For many years Mr. Kearshes was associated with the Aetna Life Insurance Co. in pension and actuarial work. Both Messrs. Nicholas and Kearshes will continue to be engaged in the development and administration of Pension and Profit-Sharing trusts. Prior to their promotions, both had been trust officers.

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Lawrence Marshall, President of the **Bank of The Manhattan Company of New York** announced on July 9 that Cunningham & Walsh Inc., New York, has been appointed to handle all phases of its advertising. The new appointment will become effective Sept. 28.

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The board of directors of the **Sterling National Bank and Trust Company of New York** at its meeting on July 9 elected Murry C. Becker, senior member of the law firm of Becker, Ross and Stone, to the board. President of New York University's Law School Alumni, Mr. Becker is on the board of directors of Bankers Securities Corp., Cities Stores Co., etcetera.

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The New York Agency of the **Standard Bank of South Africa**, at 67 Wall Street, announced on June 30 the following advices from the bank's Head Office in London:

"The board of directors of The Standard Bank of South Africa Limited have now decided to issue 2,000,000 new shares of £1. each, fully paid, under powers granted at the General Meeting of shareholders in July, 1952, and to offer them at a price of 30 shillings per share to the shareholders whose names appeared on the Register at the close of business on 23rd June, 1953, in the ratio of two new shares for five shares held. Fractions of a new share will be ignored, but holders of less than five shares will be offered one new share. Application has been made to the Stock Exchanges in London and Johannesburg for permission to deal in the new shares."

Argo Croll is the New York agent of the bank.

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John W. Hooper, President of the **Lincoln Savings Bank, of Brooklyn, N. Y.**, announces the election of Donald B. Woodward as a trustee of the bank. Mr. Woodward is a graduate of Indiana University, class of 1928, and his early activities included Financial Editorship of "Business Week" and eight years with Moody's Investors Service. For several years prior to World War II, he served as Economist to the Board of Governors of the Federal Reserve System. During the war, he was Consultant to the United States Treasury Dept. and for a short time thereafter, Economist with the Department of State in Washington. He has had years of experience in research, having been associated with the Mutual Life Insurance Company for a period of 13 years, and held the post of Vice-President when he resigned on June 1, 1953 to take up his present position of Chairman of the Finance Committee of Vick Chemical Co. Mr. Woodward has conducted courses in Bank Investments at Columbia University and is presently a member of the faculty at the Graduate School of Banking. He has co-authored the following works on financial matters: "Primer of Money," "Inflation" and "Prosperity, We Can Have It If We Want It." He is a member of the National Press Club and the Cosmos Club, both of Washington, D. C., and is also affiliated with the American Statistical Association, etc. etc.

Donald B. Woodward

Merger of the **Northport Trust Company of Northport, Long Island, N. Y.**, with the **First Suffolk National Bank of Huntington, Long Island**, has been approved by the Comptroller of the Currency, and is now effective, according to an announcement on July 13 by George A. Heaney, President of First Suffolk, and Charles S. Mott, Chairman of Northport Trust. The merged institution, which, it is stated, will be the largest commercial bank in Suffolk County with total assets of approximately $25,000,000, will be known as First Suffolk National Bank of Huntington. Offices will be located in three Long Island communities, one office in Huntington, two in Northport and one in East Northport. Stockholders of the two institutions had previously approved the merger plan, under which holders of First Suffolk stock will receive 1¼ shares of consolidated stock for each share now held and holders of Northport Trust stock will receive 4⅜ shares of the new bank's stock for each Northport share. Stockholders of Northport Trust have the option of accepting $175 per share for their stock from Shields & Company. Capitalization of the consolidated association will consist of 72,625 shares of common stock, $10 par value.

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The merger of the **Industrial Bank of Central New York**, at **Syracuse, N. Y.** (common stock $200,000) into the **Lincoln National Bank & Trust Co. of Syracuse** with common stock of $1,-200,000 became effective on June 26 under the charter and title of the Lincoln National Bank & Trust Co. On the date of the merger the capital of the enlarged bank is reported as $1,200,000, in 60,000 shares of common stock (par $20 each), surplus of $2,000,-000 and undivided profits and reserves of not less than $1,760,000.

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As of June 30 the consolidation of the **Swarthmore National Bank & Trust Co. of Swarthmore, Pa.** with the **First National Bank of Media, Pa.** became effective under the charter of the latter and under the title of the **First National Bank of Delaware County, at Media.** The Comptroller of the Currency reports that at the date of the consolidation the enlarged bank had a capital stock of $800,-000 (in 40,000 shares of common stock, par $20 each); surplus of $700,000 and undivided profits and reserves of not less than $157,000. An item bearing on the plans for the consolidation appeared in our issue of June 25, page 2768.

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The Fidelity Trust Company of **Baltimore, Md.**, offered its stockholders of record July 10 the right to subscribe for 24,350 shares of the bank's unissued $25 par value capital stock. Stockholders may subscribe for the new stock at $55 a share at the rate of one new share for each three shares held. Subscription warrants expire July 28. A group of investment bankers consisting of Alex. Brown & Sons, Baker, Watts & Co. and John C. Legg & Co. will underwrite the issue. The investment bankers have agreed to purchase any unsubscribed shares at the subscription price.

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The board of directors of the **National Bank of Commerce of Norfolk, Va.**, announced the election on June 24 of A. R. Ives as Vice-President in charge of the bank's foreign department.

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Effective next January, a new assignment has been created within **The Bank of Virginia of Richmond, Va.**, that of Branch Coordinator for the bank's 11 offices in six Virginia cities, according to an announcement on June 25, by Thomas C. Boushall, President of the bank.

Herbert C. Moseley, Vice-President and in charge of the bank in Roanoke, will take the new post, being succeeded in Roanoke on Sept. 1, by Lewis P. Thomas, Vice-President of the bank in that city. From September until mid-December, Mr. Moseley will participate in the Advanced Management Program at Harvard University Graduate School of Business Administration.

On Jan. 1, 1945, Mr. Moseley joined The Bank of Virginia as Assistant Vice-President and in charge of the Petersburg office. He was elected a Vice-President on Jan. 1, 1947. In September of the following year he went to Roanoke as officer in charge of the bank.

Mr. Thomas joined the bank on July 17, 1937, after graduating from Roanoke College. He was elected an Assistant Cashier in December, 1945; promoted to Assistant Vice-President on Sept. 1, 1949 and to Vice-President on June 1, 1952.

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Robert J. Davis was elected Vice-President of the **Sears-Community State Bank of Chicago** at a meeting of the board of directors, and Joseph A. Myers was appointed Director of Public Relations, William G. Dooley, President of the bank, announced on July 13. Both have been associated in the New Business Department of the bank for several years.

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By the sale of $302,500 of new stock, the **First National Bank of Jackson, Miss.**, has raised its capital from $1,210,000 to $1,512,500, effective June 18.

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Five staff members of **Crocker First National Bank of San Francisco, Cal.**, retired June 30 with a total of 179 years of service. Retiring were William J. Clasby, 49 years, second longest record of present members; Joe Zanassi, 40 years, and Floyd Smith, 30 years, both began with the Farmers and Merchants Bank of Oakland; Ed Sargeant, 35 years, and Mildred Ellsworth, 25 years.

Continued from page 2

The Security I Like Best

just raised its prices to its customers in order to absorb increased wage costs that have been granted.

It is important to note that the book value of the stock has increased from $26.70 per share on Dec. 31, 1948 to $37.36 on Dec. 31, 1952. This figure would be higher now. This is a sound value and, in the opinion of the management, could not be duplicated for anything like that figure. The net quick assets alone on Dec. 31, 1952 were over $14.50 per share.

The stock has paid quarterly dividends regularly commencing with the completion of the recapitalization plan accomplished in 1947. In 1952 and 1953 the rate has been $1 per share per annum, which is very conservative.

There is no preferred stock and only a moderate debt of $600,-000 bearing a 3½% interest rate. There are 198,360 shares of common stock now outstanding. The common stock, traded in the over-the-counter market, is currently selling around 14½, to yield 7%, and has now reached a stage where it has investment quality and good prospects. It certainly should attract the attention and consideration of the careful buyer who wants to take advantage of a situation which does not commence to reflect the greatly improved position of the stock.

Continued from page 6

Republicans' Unhappy Legacy—Inflation, Taxes, Interventionism

miss the point . . . the fact that once the dead hand of politics gets its convulsive grip on American business and industry, free competition will be strangled, and our economic system will be no different—and no more successful—than those noble experiments crumbling into dust in Europe."

A favorite and terrible weapon of the interventionists is their attack on business size. Ask the interventionists: Are not the Big becoming fewer and fewer and bigger and bigger as they devour the smaller competitors? The answer is to the contrary. Dun & Bradstreet, the credit-rating house, reports that the growth in commercial enterprises is greater than our amazing growth of population. Since 1930 the population has advanced by nearly 20%. But the number of businesses has grown by 35%. What's more, the position of the traditional giants has weakened instead of strengthened over the years. The United States Steel Corporation which once commanded 68% of the steel market has now to be content with 30%. The International Harvester Company slid from 85% of the market to 41%. The American Can Company from 90% to 50%. Similar trends are observable in the aluminum, meat-packing, leather, sugar refining, biscuit, rubber, and other industries. All of which shows the irresistible lure of profits in heightening competion and holding the big companies in check. Consider the first ballpoint pen maker, the first frozen food packer, the first book-of-the-month club — in all competition quickly flooded in on the innovators, to the lasting benefit of consumers.

With such abundant evidence of thriving competition, businessmen are bewildered and alarmed by such interventionist statements emanating from Washington like that of Supreme Court Justice William O. Douglas in his opinion in the case of the U. S. *vs.* the Columbia Steel Company: "Industrial power should be decentralized. It should be scattered into many hands so that the fortunes of the people will not depend on the whim or caprice, the political prejudices, the emotional stability of a few self-appointed men."

Which nicely accounts for the business fear of socialism in this country. Socialism would concentrate industrial power to the nth degree, far beyond that found in American capitalism, and without the watchdogs of competition and the courts. How well then would Lord Acton's famous maxim fit a socialized America: "Power tends to corrupt, and absolute power corrupts absolutely." Yet nothing else in economic systems would so centralize industrial power and the potential of infinitely greater corruption as would socialism. On the other hand, nothing would so decentralize industrial power as American capitalism, and it is doing that very thing right now.

Still the interventionists proclaim that government is the open sesame to peace and plenty. Government can lower prices and guarantee the full dinner pail. Government can provide "cradle to the grave security," "a chicken in every pot," *lebensraum*, and a people's democracy." No wonder Professor von Mises calls it "omnipotent government."

All businessmen accept the institution of government as necessary to civilization and the necessity of some regulation. Sanctity of contract must be preserved, weights and measures must be established, a sound money must be maintained, safety measures must be installed, and so on. Businessmen would agree with Plato who stated in the LAWS (circa 400 B.C.): "In the next place our business transactions, one with another, will require proper regulation."

Accepting limits to the scope of their businesses, however, businessmen plead for limits to the scope of government. "It's gotten out of hand," a banker told a Midwestern audience. "Except for three men on the Supreme Court bench, one of our basic industries, steel, came close to nationalization last year. Even labor has smarted terribly from the mildest of government regulation, the Taft-Hartley Act. And they're beginning to join us when we ask, who's going to regulate the regulators?"

Overseas, the interventionists are also having their hand turned. Mr. Tom Sopwith, Chairman of the Hawker Siddely Group, Ltd., famous English jet plane producers, told his annual stockholders' meeting, "Let me assure you, ladies and gentlemen — and I say this most solemnly — that there is one thing which would wreck this virile, progressive (aircraft) industry surely and completely. That one thing is nationalization."

Professor Lewis H. Haney of New York University has well pointed out the high business risk of government enterprise. He asks: "Does anyone really believe that the 'government' by taking over business can get rid of business uncertainties and losses? What about the Passamaquoddy Bay enterprise? The Lustron housing scheme? What about government business in eggs, milk, and potatoes?"

Our new Special Deputy to the Secretary of the Treasury, W. Randolph Burgess, summed up the issue of interventionism when he said: "The danger at the moment arises in the form of a school of thought which would introduce in this country the mechanisms and motives of Marx and socialism, which have never succeeded, in place of the mechanismsm and motives of capitalism, which have been brilliantly successful. . . . That is the great economic issue in America."

Economic Principles to Be Reestablished

Thus the nub of the problem of American capitalism remains the role of government, government which taxes, inflates, and intervenes to such a dangerous extent. After long years of conditioning the American public through countless government public relations offices, a few economic principles should be reestablished:

(1) The government is not a Santa Claus. The government cannot give us anything. The government can merely return what it has already taxed or borrowed from us.

(2) The government does not "make money" in the productive sense of the word. It can and does print money, which, without gold or equivalent production to back it up, is pure inflation, deadly in the extreme.

(3) Our standard of living is not the creation of the Democratic nor the Republican parties. It came from the toil and savings and the ingenuity of the American people—and the wisdom of our Constituional fathers who safeguarded property, free competition, and the sanctity of contract.

(4) Taxes are so onerous that they have put a premium on evasion and dishonesty and have discouraged much needed job-producing investment.

(5) Government is so top-heavy (one worker in every six works for the government), the national debt so burdensome (from $624 per family in 1932 to $6,656 per family today), the abuse of inflation so great (the 53¢ dollar), that if a depression does come, blaming industry would obviously be unfair, if not entirely untrue. Much of the blame could be put at the doorstep of the government.

But if democracy depends on knowledge, the question is: do the people know? Commenting on the strength shown by both parties in the election, Reese H. Taylor, President of the Union Oil Company of California said, "It is apparent that there still remains considerable doubt in some peoples' minds about the ability of a free economy to do the job."

Keith Funston, the young new head of the New York Stock Exchange, has been exhorting American men and women to "invest in America." Perhaps another calling might be "know your American capitalism." Our new Treasurer of the United States, Mrs. Ivy Baker Priest, has said in this regard, "I certainly favor more economic education."

To those who reach for an economics book, I must warn them that economics is not an easy study and Thomas Carlyle once called it "a dismal science." But the reward can be, who knows, the salvation of our way of life. For it was the late Lord John Maynard Keynes, English Economist and Big Government enthusiast, who said, rather ironically, "Soon or late, it is ideas, not vested interests, which are dangerous for good or evil." [1]

1 Three recent books for the non-professional I can recommend are "Economics In One Lesson" by Henry Hazlitt (Economics Foundation), "Shirt-sleeve Economics" by William Paton (Appleton-Century), and "How You Really Earn Your Living" by Lewis Haney (Prentice-Hall).

Toronto Analysts Elect New Officers

TORONTO, Canada.—The following have been elected to the Executive of the Security Analysts Association of Toronto:

President: R. A. Daly, Jr., R. A. Daly & Co.

Vice - President: E. S. Miles, Burns Bros. & Co.

Secretary: W. A. Lofft, Gardiner, Watson & Co.

Treasurer: W. V. MacInnes, Jas. Richardson & Sons.

Director of Membership: Keith McKinnon, Harris & Partners Ltd.

The Association fosters interchange of ideas among Investment Analysts and encourages a high standard of professional ethics among its members.

To Be J. J. Harris & Co.

Effective Aug. 1 the firm name of Harris & Co., 11 Wall Street, New York City, members of the New York Stock Exchange, will be changed to J. J. Harris & Co.

W. M. Smock & Co. Opens

MINNEAPOLIS, Minn.—W. M. Smock has formed W. M. Smock & Co. to engage in the securities business. Mr. Smock was previously with J. M. Dain & Co.

Johnson & Wood Partners

Chalmers B. Wood and Miriam Cimino will be admitted to limited partnership in Johnson & Wood, 120 Broadway, New York City, members of the New York Stock Exchange.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The center of the stage is still occupied by the short-term issues of the government despite the large new money offering and the continued increase in weekly flotation of Treasury bills. Demand for these securities is still large and the ease in the money markets finds the bulk of the alleviated funds going into the marketable and stable issues because caution continues to dictate the investment policies of institutional investors. To be sure, there has been some minor loosening up as far as extension of maturities is concerned, but so far this kind of operation has been on a rather limited scale. Switches, filling in of positions as well as the rounding out of maturities has helped the activity and volume of the more distant maturities.

Opinions appear to be divided as to the future action of the government market, aside from the short-end, because some believe its course will be narrow with limited activity while others hold the opinion that quotations will tend to move up with a fanning out in volume.

Certificate Issue Successful

Subscriptions in excess of $100,000 were allotted on the basis of 67% so the eight-month 2½% Treasury obligations went well from the offering standpoint. It had been indicated that the new issue would be a successful one when the Treasury closed the books on the day of the offering. There were other inducements to subscribe to the tax anticipation certificates in addition to the yield of 2½% because through use of the "tax and loan account" the deposit banks are in a position to derive certain benefits, whereas other holders of these certificates by turning them in for taxes on March 15, 1954, will receive interest until the date of maturity, March 22, 1954.

More Short Refunding Anticipated

The Treasury, according to estimates, has obtained sufficient funds through the new money offering to take care of its cash needs for the July to September quarter. There will be, however, refundings that must be given attention during this period, because on Aug. 15 the 2% series "C" certificates in the amount of $2,882,000,000 mature. Then on Sept. 15, the 2% bonds become due, a refunding operation involving $7,986,000,000. How these maturities will be handled is not likely to be too much of a mystery because it is the opinion of the financial district that short-term obligations will be used to refund these securities when they are payable. The commercial banks are the largest owners of these maturing obligations and unless they are given something in the near-term classification which is attractive, there will most likely be a sizable attrition which is what the Treasury does not want to have happen at this stage of the game. Whether both of these maturities will be taken care of at one time is a matter of some conjecture even though the feeling seems to be fairly strong in some quarters that this will not be the case.

Breathing Spell Now

With the new money operation of the Treasury out of the way, the government market seems to be in for a short breather which should give it an opportunity to consolidate its gains, in the opinion of certain followers of the money markets. They believe that the market will stay on the constructive side, although they do not expect that quotations will tend to move too far away from recently established trading areas. These ideas apply mainly to the intermediate and longer term obligations because the short-term issues appear to be in a separate classification with the largest activity and volume centering around these securities. The demand is still very sizable for the near-term obligations because, in spite of the decrease in reserve requirements, the commercial banks as a whole are not interested to any great extent in any Treasury issues other than the stable and readily marketable ones, which are the shortest maturities.

Some Maturity Extension Effected

Despite the quest for liquidity which is still very strong and has a great bearing upon what investors do with their money, there has been, however, some extending of maturities among certain of the deposit banks. It is reported that these institutions have been buyers of the partially exempt issues, with the 2¾s due 1958/63, and the 2¾s due 1960/65 the favored ones. There has also been purchases of the 2¼s due 6/15/59-62 by some of these banks as well as a few of the 2½% eligible obligations.

Investors other than commercial banks have not been showing too much interest in the government market, according to advices. There has been nonetheless purchases of the Vic's as well as the 3¼s by some pension funds, fire insurance and casualty companies and charitable organizations. State funds as usual have been plucking away at the 3¼% bond and selected issues of the 2½s. Switching continues in fair volume despite expectations that this type of business would slow down after the June 30 period had passed.

Babson Distributing

BOSTON, Mass.—David L. Babson Distributing Corp. has been formed with offices at 40 Broad Street, to engage in a securities business.

Logan & Lewis Open

DENTON, Md. — J. W. Logan and Lawrence T. Lewis, Jr. have formed Logan & Lewis with offices at 112 South Fifth Avenue to engage in the securities business.

Iowa Invest'm't Bankers To Hold Field Day

DES MOINES, Iowa—The Iowa Investment Bankers Association will hold their annual field day Sept. 17 at the Wakonda Club, Des Moines.

Midwest Exchange Member

CHICAGO, Ill.—The Executive Committee of the Midwest Stock Exchange today elected to membership Kurt B. Karmin, Chicago, Illinois.

Mutual Funds

By ROBERT R. RICH

IN A RECENT three-day Conference in New York City, the entire wholesale staff of Distributors Group was schooled in the use of a unique visual presentation, prepared by Group to help fund dealers realize on the mass market potential of mutual funds through over-all financial planning.

Entitled "How to Build for the Future . . . Today," the new presentation is in the form of a 15-page illustrated brouchure 10 by 14 inches in size, and provides the basis for the entire sales interview, employing a comprehensive visual sales aid leading toward the family financial planning principle proved effective in the life insurance industry.

Distribution of the visual is exclusively in the hands of the Fund's wholesale staff, who in the next 60 days will be explaining its use to dealers and dealer salesmen. With the visual is a salesman's instruction manual and a planning form to record the client's status and investment position, from which a personalized financial program can be planned.

"Mutual funds involve the investment of money rather than the sale of a security, and should be so considered by both the dealer and the buyer," stated Herbert R. Anderson, President of Group Securities, Inc. "As with life insurance, where maturity brought an over-all planning approach from an earlier emphasis on the sales of policies, the full value of mutual funds to the retail buyer will come with their proper use as a part of a long-range financial plan, individually fitted to each account. And as the dollar volume of insurance sales has increased with this sounder approach, so will the use of mutual funds vastly increase as they properly become part of each person's over-all financial plan.

"While geared to the Group Securities 'family of funds,' the new visual presentation is designed to tell the complete planning story for dealers.

"It has 'eye' as well as 'ear' appeal—a principle of good selling long recognized by other industries.

"A retail salesman properly using our visual presentation will, in my opinion, derive these advantages: (1) make more sales with fewer calls, (2) make a larger average sale, (3) gain acceptance as a professional, qualified to advise on a proper investment program based on full information from the prospect, (4) enjoy more radiation, because of the efficient presentation made and the full information given to the prospect.

"Because of its variety of funds, including two bond funds, one balanced fund, and two diversified common stock funds, as well as its industry classes, Group Securities can serve a wide range of investment objectives, sufficient to meet virtually every prospect's needs."

THROUGH ADVERTISEMENTS and booklets to investors, Kidder, Peabody and Co. have taken the lead in helping investors resolve the problem of selecting investments, especially as to the possibility of investments in individual securities as against mutual funds. Kidder, Peabody's policy, according to Amyas Ames, a partner of the firm, has taken an objective stand on the rules to be observed in order to avoid unnecessary investment risks.

In an advertisement now appearing in leading financial media, and a booklet now available to investors, the firm advises "If you have money to invest in securities, it will pay you to follow the example of professional investors. They have three fundamental rules of wise investing . . . which are:

"Careful investigation prior to each purchase or sale.

"Owning shares of several companies to spread risk.

"Regular review of each security owned.

"Experience shows, however," according to Mr. Ames, "that many investors do not find it easy or even possible to observe these sound practices. That is why the investor should carefully classify his needs and desires before he embarks on any investment program."

According to Kidder, Peabody and Co., if the investor can follow the three rules of sound investing, a policy of owning individual securities is wise and recommended. If he can not follow them, the firm recommends that he turn to professional management—mutual funds, investment counsel or trustees.

Suggesting that the investor allow Kidder, Peabody and Co. to help him follow the right road to investment success, the advertisement says: "The important point to remember is that no prudent person can afford to ignore the basic rules of investing, particularly when so many convenient ways of following them are available."

THE RECENT passage of the Snowden Bill making mutual funds legal for trust investment in Pennsylvania marks another forward step for trust investment by incorporating into law a concept and practice that has gained wider acceptance in the past decade, according to a booklet summarizing the new legislation just published by Wellington Company, sponsors of the $250 million Wellington Fund.

"This concept," the booklet points out, "is that mutual funds, as well as common stocks, are a prudent and desirable investment medium for a substantial portion of trust funds and that no delegation of authority is involved. Fiduciaries want to invest for relative safety, income and profit. Because of the market risk inherent in all investments," the booklet observes, "it is difficult, if not impossible, to realize these three objectives at all times. However," the booklet continues, "the addition of common stocks or mutual fund shares in an investment account provides a better balanced program and a sensible approach to these objectives."

The booklet, under the title "Wellington Fund — Legal for Trust Investment in Pennsylvania," also summarizes the development of Prudent Man legislation throughout the country. It may be obtained on request from Wellington Company, 1630 Locust Street, Philadelphia 3, Pa.

SHAREHOLDERS OF Nation-Wide Securities, Inc., a mutual fund managed by Calvin Bullock, were informed of recent portfolio changes in a letter accompanying the July 1 dividend.

New additions to the portfolio during the three months period ended May 31 last included: 1,300 American Cyanamid; 1,000 American Viscose; 3,000 du Pont; and 1,000 Phelps-Dodge. Substantial increases of existing holdings included: 1,300 Diamond Alkali; 1,700 Firestone Tire; 2,300 International Paper; and 1,000 Standard Oil (California). Eliminations during the period included: Iowa-Illinois Gas & Electric; Moore-McCormack; New York Air Brake; Republic Steel; Shamrock Oil; Socony-Vacuum; and Studebaker.

INDIVIDUAL and institutional investors put more dollars into shares of Eaton & Howard Balanced Fund and Eaton & Howard Stock Fund during the first six months of 1953 than in any other six-months' period in the two Funds' 21 years of operations. Combined sales of $11,906,517 were 17.4% ahead of the amount invested in the Funds in the first six months of 1952—and sales in each month of this year have been larger than those in the corresponding month of last year. Redemptions were 2.6% of combined average net assets of $111,723,714 in the first half of 1953, compared with 2.5% of average assets of $95,785,373 in the same period of 1952.

Over 2,200 new shareholders—among them 301 trustees, guardians, and others acting in a fiduciary capacity, institutions and business organizations — invested in shares of the two Funds between Jan. 1 and June 30. Purchases were made by 33 profit sharing trusts, 25 fraternal and social groups, 24 churches and religious organizations, and by many other categories of business, welfare and charitable associations. Over 19% of the Balanced Fund's sales and 26% of the Stock Fund's sales were in amounts exceeding $25,000 each. The average of these large purchases was about $37,000.

"We are gratified to note this evidence of investors' confidence in the Eaton & Howard Funds especially through a time when market values in all types of securities have been declining," commented Charles F. Eaton, Jr., President of Eaton & Howard, Inc. "However, we have frequently found that the more uncertain the outlook for security prices, the more inclined many investors are to place their investment capital under professional management."

Eaton & Howard Balanced Fund's report to 19,600 shareholders shows 58% of the assets was in common stock, and 42% was in cash, U. S. Governments, short-term notes, corporate bonds and preferred stocks. Total assets of $93,833,114 on June 30 compared with $94,486,854 six months earlier. The decline in value per share from $32.50 to $30.35 reflected the lower price levels prevailing for bonds, preferred stocks, and common stocks.

Eaton & Howard Stock Fund's report to 4,800 shareholders shows total assets of $18,112,236 on June 30, compared with $17,015,223 on Dec. 31, 1952. This growth was entirely due to investors' purchases of new shares. The value per share of the Stock Fund, which was about 92% invested in common stocks throughout the period, declined from $24.52 to $22.74.

Funds Decide To Consider Public Program

The feasibility of an educational public relations program for the investment company industry is being studied by a newly-appointed committee of the National Association of Investment Companies, the Association announced yesterday.

The committee is composed of the following persons: Henry T. Vance, Chairman, President, Boston Fund, Inc.; Hugh Bullock, President, Dividend Shares, Inc.; Harry I. Prankard, 2nd, President, Affiliated Fund, Inc.; S. L. Sholley, President, Keystone Custodian Funds, Inc.; and Joseph E. Welch, Executive Vice-President, Wellington Fund, Inc.

The Association stated it is expected that the committee will present a report to the Association's Executive Committee before the end of the summer. Should it be decided to proceed with a program of this nature, it would be in addition to the ordinary functions of the National Association of Investment Companies, which have been primarily concerned with matters of Federal regulation, and Federal and State taxation, as well as the gathering and distribution of industry statistics, according to the Association.

UNITED FUNDS, Inc. reported that sales of the four funds comprising the investment trust group reached a new high during the first six months of 1953, topping the 1952 previous high by more than $1½ million, Cameron K. Reed, President, announced. Net assets, while slightly under the all-time peak established in February, still were the largest ever at the close of any semi-annual period.

Total sales of the four trusts were $12,744,074, compared with $11,156,054 a year earlier. The largest gain was in the United Accumulative Fund shares, which gained $1,480,000, and the United Income Fund shares showed a gain of $238,000. United Science Fund shares showed a decrease of $1,411,000. A new fund—United Continental — had sales of $1,281,000.

Total net asset value of the four funds was $99,021,147, compared with $83,402,656 a year earlier and $97,795,029 at the start of the year.

United Income Fund's net assets June 30 were $65,211,377, equal to $11.76 a share on the outstanding shares, against $59,597,985, or $12.54 a share a year earlier.

United Accumulative Fund's assets were $16,649,118, or $11.91 a share, against $10,031,149, or $12.53 a share, a year earlier.

United Science Fund's assets were $14,129,258, or $5.65 a share,

against $13,773,522, or $6.15 a share, a year earlier.

Net asset value of United Continental Fund June 30 were $3,031,394, equal to $4.21 a share. No comparison with a year ago can be made because the fund was started late in December, 1952.

The total number of shares outstanding in the four trusts was 10,172,123, a gain of 973,994 shares in the first half of 1953.

ASSETS of Diversified Investment Fund were $32,980,480 as of May 31, 1953, an increase of $6,000,000 over the year before, according to the semi-annual report on the Fund. Dividends of 18 cents per share were paid in the six months to May 31, 1953. Asset value per share as of that date was $6.63 compared with $6.55 a year earlier. Holdings of the Fund consisted of bonds, 16.1%; preferred stocks, 12.9%; common stocks, 69.1%; cash, 1.9%.

During the fiscal half-year stocks of the following companies were added to the Fund: Preferred—American-Marietta; Common — American Natural Gas, California Oregon Power, Deere & Co., North American Aviation, Texas Gulf Sulphur. Common stocks of Columbia Gas System and Doehler-Jarvis were eliminated.

ASSETS of Diversified Common Stock Fund at May 31, 1953 were $5,285,350, approximately twice those of a year before, according to the semi-annual report on the Fund. The Fund invests in common stocks for income, and dividends aggregating 15c per share were paid in the first six months of the 1953 fiscal year. Net asset value per share at May 31 was $5.33 as against $5.10 the year before.

During the fiscal half-year, the common stocks of five companies were added to holdings: American Natural Gas, California Oregon Power, Deere & Co., North American Aviation, Texas Gulf Sulphur. Stocks eliminated were Columbia Gas System and Doehler-Jarvis.

RECORD SALES of Wellington Fund for the first six months of 1953 were reported by A. J. Wilkins, Vice-President, Wellington Company, national distributors. Gross sales in the half year amounted to $28,404,000—largest for any such period in the Fund's 24-year history and up 11% over the like period last year.

DURING THE FIRST six months, sales of the National Securities Series amounted to the record high of $24,289,714 according to figures just released by E. Waln Hare, Vice-President. This represented an 18% sales increase over like 1952 period. Shares created in first six months totaled 4.9 million, a gain of 26% over 1952 period.

BROAD STREET Investing sold new shares worth $3,745,000 during the first half of 1953, to reach the best six months' rate since 1937, according to Francis F. Randolph, Chairman of the Board and President of this 23½-year-old mutual fund. June sales of more than $636,000 set a new postwar high for that month.

A low redemption rate left Broad Street Investing with over $3,000,000 of new funds in the first half of 1953, with more than $500,000 added in June alone. At the end of June, total net assets were $31,695,720.

In the six months' period, 1,175 individuals, trustees, institutions and other new investors increased the number of shareholders to a record total of 8,901. In the same period, 171 investors began automatically reinvesting dividends and 137 began making periodic purchases of shares under the Broad Street Investing's accumulation plan. Almost 7% of this fund's shareholders are now participating in one or the other of these plans and the number is growing rapidly.

IN A LETTER to stockholders contained in the 15th anniversary report of Chemical Fund, Inc., F. Eberstadt, President, observed that the first 15 years of the fund's history was a period marked by threats of political unrest, labor disturbance, war and inflation. The favorable performance of the chemical industry during this period is reflected in the progress of Chemical Fund over the past decade and a half.

The original 10,000 shares which were sold in July, 1938, to 23 stockholders at $10 a share have increased by June 30, 1953, to 2,744,074 shares in the hands of 18,570 stockholders with a net asset value per share of $22.63, adjusted to include capital gains distributions. During the 15-year span, total net assets at market value increased from the original $100,000 to $50,964,467.

"While this record should not be construed as an indication of future performance," the report which covers the quarter ended June 30, 1953, continues, "the chemical industry's combination of financial soundness, stability and growth resulting from advances in the science of chemistry, should place the industry in a favorable position to meet the uncertainties that lie ahead."

Mr. Eberstadt also reported to the stockholders an average increase in sales of 8% and in earnings of 9% for the fund's portfolio companies during the first quarter of 1953 as compared with the corresponding period of last year. The Federal Reserve Board index of industrial chemical production reached a new all time high in May, 1953. Since then volume has been maintained at a high level.

DELAWARE FUND reported gross sales of $1,873,470 for the first six months of 1953 for an increase of 7¼% over the preceding six months.

The Fund, according to W. Linton Nelson, President, closed the half year with more shareholders and more shares outstanding than at any time in its history. On June 30, last, shares outstanding had increased to 945,530—up 17% over the same date a year previously. The number of shareholders exceeded 6,400. Mr. Nelson said that the sales gain was accompanied by a proportionate increase in unit purchases and by about a 10% expansion in the number of Delaware Fund dealers.

PERSONAL PROGRESS

HARRIMAN RIPLEY & Co. Inc. announced that Arnold North of Beverly Hills, Calif., has been named as wholesale representative of Blue Ridge Mutual Fund, Inc. and Shareholders' Trust of Boston for the Pacific Coast.

Continued from page 3

The Future of the Refrigeration Industry

tained air-conditioning units had been installed in commercial establishments. At the end of 1952, the figure was roughly 320,000 and 10 years from now it is estimated that the total will reach in the neighborhood of a million-and-a-half units.

Central systems for the home, with a later start, should show at least a comparable growth.

In the years immediately following the war, year-round air-conditioning was talked about only among the engineers. Yet last year, about 25,000 systems were installed and there are those of us who believe a recent prediction that 60,000 homes will be equipped with complete air conditioning this year is more nearly a minimum figure.

It is interesting to note that the air-conditioning industry is already following the growth pattern of the refrigerator industry, in that home consumption has been following rapidly after accepted commercial use.

Potential of Air-Conditioning Industry

There is every evidence that the air-conditioning industry has the potential of becoming one of the fastest growing industries in the country during the next quarter of a century. I believe that the $1 billion industry which air-conditioning is today can become more than a $5 billion business within 10 years, if the product is good, and the price is right. But it is a tremendous challenge, and it puts a premium on the contributions engineering can and must make in design and technological improvements.

If I appear to be over-enthusiastic, let me offer one simple thought to document my optimism. Generally speaking, I believe it is safe to assume that comfort is the primary demand echoed by consumers in purchasing an air-conditioning unit. Except for the benefits of summertime cooling, we have yet to take full advantage of the many other advantages accruing from the use of air-conditioning, such as health and convenience.

In the area of health, published data show that merely moving about in a 95-degree heat puts as much strain on the heart as does heavy labor. And the benefits derived from filtered, dust and pollen-free air are great.

We have hardly started to capitalize on these important extra benefits which this product offers. When these benefits are emphasized in the selling program, we may again have to revise upward our estimates of future sales.

You may have seen the results of a recent nation-wide survey, made by the National Association of Homebuilders, in which 40% of 250 prominent builders questioned revealed they were planning to offer air-conditioned homes this year — with thousands of these homes in the middle and low-priced bracket. This is a most encouraging sign. One builder went so far as to predict that in three years time, a home without air-conditioning will be a "dud on the market."

The Heat Pump

I mentioned at the outset that I wanted to speak to you about the all-electric home and a product so unglamorously named the heat pump. In a sense, this but a single subject, for a home becomes all-electric only when it is also heated by electricity, and the heat pump is a most promising device for this job.

The principle of the heat pump is not a new one. It has been known for 100 years. But in it we have the acme of comfort and convenience, for the heat pump is a device which heats in the Winter and cools in the Summer, using only electricity as fuel and thereby eliminating ashes, dirt, and the need for chimneys. It requires only a setting of a thermostat to provide uniform temperatures throughout the house at any time of the year.

It is interesting, I think, that the heat pump has been in an intensive research and development stage for nearly 20 years and has been seriously marketed for less than two years. Yet, from its initial success in the few thousand homes where it has been installed, we can see in it a key to the all-electric home.

How fast the heat pump will become a practical and accepted product will be determined by a number of factors, including power rates, the installed cost of the product, and the solution of technological problems related to heating and cooling capacities. The heat pump will consume more electric power than any other product in the home. Equally important, is that its future rests primarily on how quickly the refrigeration engineer can design a low-cost unit which can be marketed at a price within the reach of all home buyers.

I do not mean to indicate that it is far out of the reach of the ordinary buyer even at the moment as it sells in the neighborhood of $3,500 to $4,500 installed. In fact, General Electric recently installed an air-to-air heat pump in a completely modern, all electric home that was put on the market for about $18,000 which is hardly high by today's standards.

It is obviously difficult to predict how many heat pumps will be in use in the immediate future, because of the factors previously mentioned, but it is estimated that 200,000 units will be sold annually by 1960 at an installed price of less than $2,000. This is in addition to the number of homes which will be made all-electric by the use of some type of resistance heating.

Few industries can look forward to a future as bright as yours with the technology available to the refrigeration and air-conditioning industries today. For example, I would like to call your attention to a new type of insulation that has just come out of the General Electric Research Laboratory which may well provide a great stimulus to the future growth of the refrigerator business.

Although I am not now at liberty to reveal the technical details of this new insulation, I think it is sufficient to tell you that it is such a great improvement over anything available today that it will make possible the use of insulating walls only one-half inch thick, in comparison to today's three-inch thickness of insulating walls.

Again this presents another challenge to the refrigeration engineer. The introduction of new basic technology requires a long series of changes to insure full utilization of the basic contribution. With this new insulation, the scientists are making a basic contribution to a better and more useful product.

I said earlier that the legacies your profession has left to our economic and social life, as great as they have been, are going to be even greater in the years ahead. Your opportunities are countless. But whereas your opportunities and challenges are greater, however, so too are your problems.

The growth curve of your business in the days ahead is probably going to rise faster than you have ever been accustomed to. Normal population growth, increased per capita earnings, and social changes in which your products will become more important to day-by-day living promises to create a demand for your products that is likely to be overwhelming. Many times, in such a situation, the important thing is to maintain proper balance. The desire for volume production must not in any way affect your insistence upon quality products. The buying public demands a superior product. You have brought your industry forward by sound planning, a good product, and aggressive merchandising.

I would be most negligent today if I failed to speak also about another serious problem that confronts your industry: the engineering manpower shortage.

The statistics are well known. It is estimated that we need 30,000 new engineering graduates each year for normal industry operation, plus another 10 to 12 thousand for defense needs. Yet, this year our engineering schools graduated a mere 21,000 or only half of our total need, and next year's classes are expected to produce only a total of 17,000. You need only to glance at the classified advertising section of any Sunday metropolitan newspaper to see the seriousness of the situation.

Recruiting Engineers

The problem of recruiting engineers, and perhaps more important, the education of our young high school students to the benefits that can accrue from an engineering career must be a matter of top priority in industry today. To date, you have been able to maintain a high demand for your products, but they are products, I remind you, which have been, for the most part, dependent on prewar developments. Certainly such a formula is no formula for continued success. Real progress comes only from continual developmental programs, which have been crippled immeasurably by the shortage of engineers for too many years.

What can be done about a situation so serious?

I said I would be negligent if I failed to mention the subject here today. I say this for the simple reason that, as individuals, most of us are overlooking a great opportunity to sell our profession directly to the prospective engineering student. Government organizations, professional societies, and private industry are all doing an increasingly effective job in informing prospective engineering students of the opportunities offered by an engineering career. Scholarships are made available, printed literature is distributed, and colleges are asked to cooperate. But, is that enough? Statistics show otherwise.

Therefore, I believe we must take the personal approach; direct selling methods. You know the story of engineering and the opportunities it offers. A word-of-mouth campaign can be much more effective than the impersonal approach offered by other programs. We must sell our profession to capable young students before they are ready to enter college.

In your positions of influence and prestige, and with your knowledge of the local situations, you can supplement the other programs by appealing direct to the students, their parents and their teachers. Inform them of the important role played by applied science and mathematics in our everyday living, and of the personal satisfactions to be gained through an engineering career.

We must create a climate that is so favorable that the nation's youth will be clamoring—as they should be — to become a part of this fascinating business. This is an era of technology and we must continually replenish our supply of engineering imagination and creativeness if we are to realize our opportunities.

It is not enough to merely sit back and take a passive attitude toward the work being done by industry and professional organizations in an attempt to attract capable young men and women into our profession. It is up to you, as individuals, to do a public relations and selling job such as has never been equalled.

There are challenging fields to conquer which far outweigh our pioneering past. Significant as your contributions have been, many opportunities lie ahead, only if we have the engineering talent to meet them.

The promise of the future is very great indeed . . . and the realization of that promise is in our hands.

Continued from first page

Why Shouldn't Americans Have Gold Coinage Again?

coin or gold bullion in exchange for money. To those who were alarmed by this circumstance Secretary of the Treasury Woodin proffered reassurance. "It is ridiculous and misleading to say that we have gone off the gold standard, any more than we have gone off the currency standard," he said. But within a month an executive order forbade the hoarding of gold coin and gold certificates, all gold was ordered turned in to the government and so far as the man in the street could tell, we were indeed "off the gold standard" as he had known it.

With the dollar separated from gold coin at home the value of our monetary unit as measured in terms of other, gold-convertible units abroad such as the French franc, declined. When it did not decline fast enough for Washington the RFC gold-buying program was instituted in October, 1933. By January, 1934, the government was ready to again stabilize the external value of the dollar in terms of gold-convertible currencies and gold and, by the Gold Reserve Act of 1934, we adopted a form of gold-bullion standard. This has been maintained since 1934 by the redemption of foreign government and central-bank dollar balances in gold bullion, always subject, however, to U. S. Treasury approval. The right extended to foreign authorities owning balances in this country is not automatic, as was once the case.

Did this country in 1933 *suspend* or *abandon* the full gold standard? Until the victorious Republican Platform of 1952 we appeared to have abandoned the use of gold coin in our monetary system. The Republican Platform of 1952, however, suggested a return to gold coin in the plank which reads:

"We advocate the following monetary policies:

"(1) A Federal Reserve System exercising its functions in the money and credit system without pressure for political purposes from the Treasury or the White House.

"(2) To restore a domestic economy and to use our influence for a world economy, of such stability as will permit the realization of our aim of a dollar on a fully convertible gold basis."

This plank clearly promises a return to internal gold-convertibility of the dollar, but only at such distant time as the world economy achieves stability. This may not be until the millenium. If it is this that Administration spokesmen have in mind when they say that now is not the time to restore an American gold coinage, there may never be such a time.

Two Camps of Gold Coin Standard Proponents

Americans who oppose this country's returning to a gold-coin standard fall into two camps: (a) those who endorse a full gold standard in principle, but think we should not return to it yet; and (b) those who do not endorse it and think that we should never return to it. Proponents of American gold coinage also may be divided into two groups: (a) those who want such coinage restored —now or later—at the present price of $35 an ounce; and (b) those who, perhaps because they have a financial interest in gold mining or gold bullion here or elsewhere, first want the official price raised. With the views of the latter this article is not concerned. The writer has set forth elsewhere reasons why this country should not increase the price of gold.[1]

Nor are we here concerning ourselves with the arguments of those who belong to the managed-currency school and, therefore, oppose this country's resuming gold coinage at any time. That school regards the door as permanently shut against a return to the old-fashioned gold standard with gold coins held and used by the people. One of its leaders, President Allan Sproul of the Federal Reserve Bank of New York, set forth the arguments ably and in detail in an address in 1949 which was published in these pages.[2] This leaves for consideration the position of those who list themselves as favoring restoration of a system of United States gold coinage, "but not now."

Those Who Favor It, "But Not Now"

Mr. W. L. Hemingway of St. Louis, for example, a nationally-known banker and former President of the American Bankers Association, lists himself as a believer in the gold standard but believes that, before we return to gold coin in this country:

"We should know that our government is committed without question to a sound fiscal and financial policy. We should know that our proposed action will not be harmful to those nations with which we have military alliances because we certainly do not want to weaken them financially while we are attempting to strengthen their economic life. There are many things to consider."[3]

Pending assurance on our government's fiscal and financial policies, Mr. Hemingway would like Congress to create a commission to study the gold question and make a report next year.

Other "Deferrers"

Mr. Hemingway is not the only one to express what to the writer seem to be vague fears as to the effects on other countries of the United States returning to a gold-redeemable currency based on a gold coinage. One sometimes hears such apprehension expressed in Washington. Just how would other countries be adversely affected if the U. S. decided to allow individuals to have some of our more than $22 billion gold stock to take home and put under the mattress, if they want to be so foolish? Unfortunately, those who express these fears of international repercussions do not spell out their ideas. It may be that the allusion to possible international repercussions covers rather some fear of domestic effects. To this topic we shall return below.

Some light on the international repercussions aspect of a return to gold coin here may be shed by Mr. Allan Sproul's address mentioned above. In 1949 Mr. Sproul stated in part:

"Moreover, if only the United States dollar were convertible into gold while practically all other currencies were not, hoarding demands from all over the world would tend to converge upon this country's monetary reserves. Circumvention of the exchange controls of other countries would be stimulated, and dollar supplies which those countries badly need for essential supplies or for development purposes would be diverted to the selfish interests of hoarders."

With all respect for Mr. Sproul's eminent position in the financial world, the just-quoted argument is now unconvincing. Today, when there is only a small premium on gold in free and black markets abroad, hoarders are being supplied quite openly by the authorities of South Africa, Southern Rhodesia, Australia, Greece, etc. The governments of such countries are able to withdraw in the form of gold at $35 an ounce dollar balances which they may have available here. The efforts of the International Monetary Fund, supported by the United States, to clamp down on sales of newly-mined gold to hoarders have proved ineffective. It is only the desire not to see the premium price completely disappear that causes certain important gold-mining countries to limit—generally to 40% of new production—their sales of gold to hoarders.

It would indeed be desirable, we concede to Mr. Sproul, if for example the French were to use their dollars entirely for such ends as essential supplies and development instead of hoarding billions of dollars in gold the while they seek ever new subsidies from the U. S. Government. But the lack of new gold eagles based on a price of $35 an ounce is not stopping the French people from hoarding all the gold they can afford to buy.

Foreign gold hoarders might indeed show an interest in acquiring some new American gold coins, were we to issue them following a return to the gold-coin standard, for reasons of curiosity. But those hoarders are in the mass not numismatists and, as gold, napoleons are as desirable as newer coins; neither more nor less. In countries where various mintings of British gold sovereigns are the preferred hoarding medium it is most doubtful that those coins would be displaced by newly-minted U. S. eagles or double eagles.

If in fact new U. S. gold coins did find their way into free markets abroad in quantity, the present policies of gold-mining countries like South Africa would call for correspondingly smaller offerings of newly-mined gold, lest the premium price be eradicated. Or, if the supply of new U. S. gold coins or other gold from this country were added to undiminished offerings by foreign gold-mining countries (other factors remaining unchanged), the remaining premium being paid by foreign hoarders would tend to be reduced or even eliminated, a result about which U. S. official policy of today could hardly find reason to complain. That the legal or illegal exportation of gold coins from the United States would increase the already widespread circumvention of exchange controls overseas seems to this writer unlikely.

Possible International Adverse Effects

There is one way in which a return to U. S. gold coinage might have adverse international effects: if it precipitated a depression or serious trade recession in this country. The whole world fears the consequences of an American slump. It may be that Mr. Sproul has this in mind, as an international repercussion, although he does not say so specifically. But elsewhere in his speech the New York banker rejects the old-fashioned gold-coin standard on the grounds that with our proportional-reserve system a public run on gold coins tends to have multiple deflationary effects. It was precisely for this reason, he states, that in 1933 the country "abandoned" the gold-coin standard. Indeed the Federal Reserve System was created in 1913 "to offset such arbitrary and extreme influences" as that resulting from public withdrawal of gold coins, Mr. Sproul holds.

No Rush for Gold Coins

Under the conditions prevailing in the United States at this writing there is no reason to suppose that the public, if granted the immediate privilege of gold-coin convertibility, would withdraw more than a moderate amount of such coin; moderate in relation to our total gold stock and to the Federal Reserve Board's powers to compensate therefor. In fact many persons believe that a return to gold coinage would increase public confidence in the currency and in the government. It should perhaps be restated at this point that Mr. Sproul speaks for the predominant group which believes that we should never return to gold coinage and internal gold-redeemability of the currency, whereas this article is addressed to the position of those who state that we should return to redeemability, but not yet.[4]

Conceivably—and we are only guessing—those who say that we should return to a gold coinage but now is not the time we have in mind that our doing so would tend to cause the public in foreign countries to demand that their governments do likewise, whereas few foreign countries have the gold to spare for such an end. If such demands arose abroad it does not follow that foreign governments would grant them; but the mere existence of such demands might serve to press the governments concerned toward sound financial policies. Even if a few foreign governments were, as a result of our example in returning to a gold coinage, forced into following suit without possessing a gold stock adequate for the purpose it is not our responsibility to deny ourselves of what we can afford just because someone else cannot afford it too. Were that philosophy to guide us, we should go back to meat rationing and reduce our GI benefits to the level of those of other countries' veterans.

The present Treasury Department administration gives every indication of advocating no change in existing U. S. monetary gold policies. Various members of the Congress by letter or in personal conversation have found this to be the case. The Treasury opposes a change in the price of gold; it is against a free gold market and subsidies to gold mines; it frowns upon suggestions that American gold mines be given access to foreign premium markets; it definitely does not favor a return of gold coin any time soon. But the Treasury chiefs, unlike Mr. Sproul, do not go on record as regarding the gold-coin standard as "abandoned" for good. Doubtless they are ever cognizant of the indefinite promise of the 1952 Platform.

The Treasury's Position

The Treasury's present position is that gold redeemability is one attribute of a sound money, but only one; that return to a sound dollar must proceed by steps; that before we take the step of issuing gold coins with all that that implies, we should have a balanced budget and put the vast Federal debt on a sounder basis through funding operations. One further condition the Treasury sets: world conditions must be more stable than they are, lest internal convertibility of the dollar exert dangerous pressure at critical times.

One might perhaps state the position of the present Treasury policymakers in another way; that they see no immediate urgency for a return to gold coinage; that, moreover, they do not quite share the view that the full gold standard will assure the national economy of the stability so much desired. Implicit in this viewpoint is perhaps the feeling that some unexpected world crisis might loom suddenly, in which event it might be hampering if the general public in response to mass psychological considerations took control of a sizable fraction of the reserves on which our whole credit and currency structure rests. Probably this is what they mean when they say that now is not the time to return to the full gold standard.

Will there ever be a time when the budget is balanced; when the public debt is again on a sound basis; and when there will be no international crises? Do all these come ahead of internal gold convertibility in the strengthening of the dollar? To the writer it seems that there are some good arguments on the other side. Certainly redeemability in gold coin would tend to strengthen public confidence in the American dollar at home and abroad. To make gold coin available for use and as a store of savings—and, necessarily, gold bullion as well—would to some extent serve as a damper on spending by the general public. There are large numbers of Americans who tend to spend money because they have seen how the inflation of recent years has robbed them of savings. While it is not intended here to argue that inert gold is always preferable to mismanaged currency, if gold redeemability tended to reduce the amount of general spending at a time of full employment and inflationary tendencies, it would not be an evil for this country with its huge national gold stock.

If it were again legal to own gold and if any holder of dollars could get gold for his currency, public-debt and other obligations would in effect again be payable in gold. The way would be opened for a return of the gold clause in public and private contracts. It is not inconceivable that under such circumstances the Treasury's debt funding problem might be somewhat eased. Considering the gravity of that problem as we have seen it exposed in recent weeks any amelioration, however slight, would be all to the good.

U. S. Stock of Gold

There is also this to be said for a return to gold redeemability of the dollar within this country: the United States holds a great stock of gold, great after all allowance for possible foreign claims thereon and, compared to the volume of money and demand bank deposits resting on our gold reserves, adequate by historical experience. This gold stock belongs to the nation, to all the people; and if it is a luxury for a modern nation to allow its citizens to own gold, surely we can afford it better than France, or Greece, or India, or Mexico, or Egypt, or Uruguay. We are always preaching freedom of the economy, free enterprise and the like. But our money system remains in the "managed" class and those who are doing the managing believe that they can do an ever so much better job of it than would be possible if the public could draw gold at will. However, Dr. Arthur F. Burns, head of the Council of Economic Advisors, in his recent report on business cycle research, questions whether the government is today able to assure us the stable economy we should like.

President Eisenhower's arguments against overconcentration of power in Washington have been spread to every corner of the country. Freeing the nation's gold from overconcentration in the hands of Washington would perfectly fit the Eisenhower philosophy. When Mr. Eisenhower suggests that we do something about overconcentration of power in Washington, he cannot be pre-

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1 "Optima," Johannesburg, December 1952.

2 "Commercial and Financial Chronicle," Nov. 10, 1949, p. 18 ff.

3 Address before Chamber of Commerce of Metropolitan St. Louis as published in the "Congressional Record," Jan. 23, 1953, pp. A271-3.

4 In the "Commercial and Financial Chronicle" of Nov. 10, 1949, Prof. Walter E. Spahr of New York University presented in detail "A Reply to Mr. Sproul on the Gold Standard."

sumed to mean that now is not the time.[5]

Not A Panacea

Perhaps it should be said, rather, that now is not the time to put our trust and our fate wholly in the hands of Washington. A return to gold coinage and an internally redeemable dollar would not be a panacea. It would not mean the scrapping of the Federal Reserve System or the elimination of monetary, credit and economic management in Washington. It would not deprive Congress and the Executive of the right to enact and use such devices as changed reserve requirements, open-market operations in bonds and flexible credit controls for the purpose of counteracting the effect of a contraction of the gold stock through public hoarding. In a time of national emergency such as war we may be sure that no modern country will allow its hands to be tied by lack of a gold stock in central vaults. In other words, it should be possible to let those Americans who want gold coin have it without compromising the strength of the nation. If it be argued that the benefits of a gold coinage are illusory, can it not be replied that, after all, the gold really belongs to the people and if they want to take some of it home, where's the harm?

The case against an American gold coinage and internal redeemability would be stronger if the United States were a have-not country or if there were signs that the world's so-called "dollar gap" were coming to an end, as through the advent here of a negative balance of trade. These eventualities may some day come to pass, but they certainly are not yet on the horizon. There is no prospect that we shall need our gold to pay for necessary imports. Rather, the prospect is that we shall continue to receive foreign gold for which we have no need; and South Africa's great new goldfields in the Orange Free State, which are being developed with the help of American dollars, have yet to come into production.

Mr. Sproul is right in saying that we have "abandoned" the gold standard, if by that he means that we have abandoned a strictly unmanaged currency. The process of abandoning that sort of currency has been going on a long time and much antedates 1933. But, if the retention of gold in our monetary system at all makes sense, gold should be something more than a tally for recording our aid to other countries. Actually Americans in influential positions have regarded U. S. gold purchases as just that: as aid to Britain and the sterling area. Thus during World War II, when our own gold mines were closed by government order, priority was given to mining machinery and supplies for South African gold mines. If we are acquiring gold we neither want nor need, merely for the sake of helping other countries, there should be no objection to the Treasury's reselling the metal to private American hoarders. In this respect now is as good a time as there ever will be.

Mr. Charles E. Wilson, the present Secretary of Defense, in 1951 expressed the view that "gold should be considered for what it really is, namely, just another commodity." If that is what gold is, our national stockpile equaling nearly two-thirds of the world's known centralized gold holdings ought to be far more than ample for all our conceivable needs, and the distribution of a portion thereof to private holders now need cause no concern. Moreover, gold privately hoarded is not lost forever. It tends to find its way again into central vaults. It can be taken for granted that, once the novelty of gold convertibility has worn off a large part of the gold coin issued will be voluntarily returned to the government; and it may be called in again, if need justifies. If the Administration accepts Secretary Wilson's view that gold is "just another commodity," now is as good a time as any to let persons who want to buy some of it.

Another argument for returning to gold coin later on but not just yet is sometimes heard: a business recession has long been predicted and sooner or later it will materialize. If before it materializes we restore the gold-coin standard, the latter step will wrongly be blamed for the recession. Therefore, runs the argument, it is better to let gold coinage wait until the expected business recession is out of the way. This argument may have political appeal. Certainly, if events occur in the sequence mentioned, gold coin will be blamed for the recession. The Administration's opponents will lose no opportunity of that sort, just as they have not failed in recent weeks to attack the Treasury for its higher-interest-rate policies, also known as "hard money."

As to this reason for postponing a return to gold coinage, it may be observed that orthodox programs always arouse political criticism. The present Administration's debt-management and credit policies may or may not be using the best tactics and techniques—we are not qualified to say—but we may be sure that before embarking on the broader strategy the Administration must have been fully aware of the toes that would be pinched and the howls that would arise. An inflationary policy can always garner more votes than an inflation-resisting or counter-inflationary policy. In this country we lack the guts to take the bitter monetary reforms adopted by such countries as Belgium and the Netherlands after World War II. Those reforms would have been long delayed had the governmnets listened to the voices which said: "Later, yes; but now is not the time."

Money is ever a controversial subject. Although it affects everyone, few persons really feel that they thoroughly understand it. Although a whole generation has grown up here without remembering the sight of gold coins being used as money, the older generation in part still survives and the gold-standard debate continues intermittently in financial and academic circles. The idea that gold is the essence of money still endures, very much alive. National laws and international agreements, practices and usages recognize this as a fact. Gold, which originally was desired for personal use, today retains its unimpaired value because there is always someone else willing to pay well for it. Call gold a convention, a myth, a tradition—it is there none the less, actual and inescapable.

The arguments we Americans hear for the return of gold coins to circulation under the full gold standard may be completely visionary, nostalgic and fallacious. To weigh their pros and cons has not been our object here, but rather to assess the counsel of those who support the idea of letting the American people have gold again "but not just yet."

Conclusion

We conclude that, if a return of the United States to gold-coin redemption of the dollar internally "sometime" is desirable, the reasons for delay are not persuasive in the light of our gold resources and other pertinent circumstances. This writer himself has no desire to hoard gold coin, but if other Americans wish to do so he sees no good reason to interfere. It is very unlikely that the amount of gold which Americans would demand, were the dollar today made internally convertible into the metal, would be sufficient to cause deflation or to seriously embarrass the Government. Moreover, the authorities have it in their power through using existing legislation or through new legislation, to counteract by credit means any undesirable effects of a moderate reduction in the gold stock contained in the monetary and banking reserves. Indeed, the knowledge we have acquired of central-bank techniques makes it certain that the country would attempt to use those devices among others. This is indisputable.

For this very reason, indeed, it is most likely that even return to the full gold standard will not have the disciplinary effects on the central authorities attributed to it by its staunchest advocates, and feared by its opponents. We cannot have the full gold standard without restoring gold coinage and the right of the public to hold gold; but we can have a "managed" currency and credit structure even with the public holding gold. If the country when in full employment cannot "afford" to allow any of the gold stock to go into private hands, it certainly will not be better able to afford this when employment is less than full and business has contracted. If in this respect now is not the time, tomorrow also will not be the time.

The "international repercussions" fears about a return of the USA to gold coinage now are shadowy and unsubstantial. Appeals that gold coinage wait until the world's economy is stable, apart from being a counsel of perfection unlikely to be realized in our lifetime, are really beside the point. As applied to the United States they have no applicability.

If a return of the United States to gold coinage will be desirable sometime it is desirable now. If the time is coming, then the time is already here. But if the time is not yet, then it is not coming and we may as well divest ourselves of the monetary use of gold and frankly define the dollar not as 15-5/21 grains of gold nine-tenths fine but as a piece of green-printed paper measuring 2⅝ inches by 6-3/16 inches.

[5] In his speech at the Garrison Dam in North Dakota on June 11, 1953, President Eisenhower alluded to the danger that "too much power will be concentrated in Washington and all people will have to look to that far off place to say, 'What may I do and what may I not do' . . ."

Mr. Eisenhower's promise to the voters last Sept. 20 at St. Louis, Mo., might be cited as applicable to the subject of this article. There Mr. Eisenhower gave as "our immediate aims" four points, the third being "to decentralize: That means an administration which is determined effectively to bring government close to the people. *It means also faith in the people to act more wisely in their own behalf than can a bureaucrat removed a thousand miles from the scene of action.*" (Italics supplied.)

At Seattle on Oct. 6 Mr. Eisenhower attacked "the idea of wholehog Federal government" adding: "It is the hard core of the difference between those power-seeking politicians and the rest of us who still believe in the basic American institutions."

All of this may be said about the gold-coin standard.

Securities Salesman's Corner

By JOHN DUTTON

Newspaper Leads!

One of the main reasons that newspaper leads do not pay off is due to the fact that the salesmen do not follow them properly. What good is a stack of replies obtained from a newspaper campaign if the leads are only half-heartedly followed? I know from personal experience that newspaper leads can pay big dividends but you have to do two things if you are going to collect them.

First—Gear Your Advertising To Your Prospects

If you want to appeal to retired people advertise so that they will see your ads, and that they will be attracted to you and will make a reply. Advertise income and stress safety of principal. Don't expect as many replies as you would when you go after speculative accounts.

If its quantity of replies that you want, advertise oil stocks, mining stocks, capital gain situations, undervalued stocks — in other words appeal to those who are interested in speculating. This is all very academic but it is surprising how often advertising campaigns are set up on a hit or miss basis in this respect. There are only two major classes of security buyers—those who want income and sound growth and those who want to speculate or gamble.

Second — Follow Your Leads Properly

One of the investment advisory services that spends a great deal of money on newspaper advertising to obtain leads for its direct mail and its salesmen, had the following experience. A salesman who had a rural territory where the local paper only had a circulation of about 30,000 would obtain 10 replies to an ad. The cost per lead was about $3.75 each on this basis. Another salesman operating in a large urban center would obtain 75 to 100 leads from an ad and the cost per lead was less than $1.00 each. Yet the rural salesman would close an average of 20% of his leads and the city man about 1%. This city man complained that the quality of his leads was very poor; the country salesman made the sales and he made the calls. The country salesman did not have enough names to waste any of them. His sales led the city salesman by a substantial margin because he didn't waste his leads. It was either sell or else. Too many leads are thrown out as N. G. because the salesmen themselves don't use their heads and dig out a way to make the right approach, cultivate good-will, and bring in the account.

Not All Leads Are Good

There are out and out curiosity seekers, certainly they should be discarded promptly. There are people who are congenital advertisement clippers, most of them are a waste of time. But for some reason or other when people answer an advertisement that is clearly worded, and makes an offer of information concerning investments, either pertaining to income or for speculation there must have been a strong interest to prompt the reply to the ad. Follow up by telephone. Try for an appointment. If you get it make the call and try to become acquainted on a friendly basis. Endeavor to see what your prospect is driving at—uncover his interests—obtain his list if you can—make a good impression, then follow up. If you can't see your prospect in person, **keep the name.** Telephone him occasionally. Become acquainted over the phone. Invite him in to see you—its surprising how this reverse technique will sometimes work well. Find out your prospect's interest. Make a note of it. Telephone information to him when it is available about anything of interest. Try and draw out your prospective customer. Remember, all that a reply to an ad means is that you have a REASON for becoming acquainted, and also that your prospect may be interested in securities and investments.

Keep Records

If you meet people for the first time, either over the telephone or in person, write down their main interests so that you will have them. I once made a sale by remembering that a Doctor had three boys. One evening when I called him on the phone I said, "Doctor, I think I've got a suggestion for those boys of yours that might be very good for them." That hit the spot. I remembered his boys. I sold him three bonds, one for each boy, that he presented to them as a gift. It opened the account. Another time I had some inquiries to an advertisement that offered an analysis of several oil-companies. When oil was later discovered in the territory in which these companies were operating, a telephone call was sufficient to open some of the accounts that were not sold when the originial ad was answered. Keep all leads that have shown some interest. Telephone them occasionally if you haven't been able to make an appointment to meet them in person. Keep records. Learn about the people you hope to do business with. Discover their interests, family and friends, business, health and desires regarding investments and their hobbies. Write it down on their prospect cards and keep after them in an intelligent and personal way. Talk about the other fellow's interests and let him TELL YOU MORE than you tell him.

This is all pretty much A B C but it bears repeating. Newspaper leads can pay off but they won't make sales for you—you've got to follow them intelligently and diligently.

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Yardsticks For Evaluating Our Foreign Policy

It seems then that steadily increasing productivity of the free world is an essential factor in assuring its survival — that this productivity must be far more than military—that it is an economic fact of life in this 20th Century.

Now, when we talk about U. S. policies designed to induce this increased economic strength of the friendly nations of the world, we have to face up to some complex and unpleasant facts. It means we must increase U. S imports so that the other nations may both buy and sell more goods. that is a simple and obvious idea certainly. But that leads us directly into the complex problem of raw materials and tariffs and special interests and the need both to protect and adjust U. S. production. And this is where it hurts. With this in mind I would like to suggest that the U. S. must develop as rapidly as possible a straightforward, long range foreign economic policy which is constructive and dynamic, which will reverse some present trends and which will guarantee to the free world the lead in this vital area. To reiterate the fundamental requirements: we must have a policy which will help our allies to earn dollars in order to get materials to raise their standard of living. Our policy must be designed to promote trade with other free nations in order to minimize the tendency of our friends to trade strategic materials with the Communist countries. We must have a policy which preserves and even increases the high level of our exports.

Points in Outline of a Foreign Policy

I would like to suggest 11 points which might constitute the broad outlines for such a U. S. foreign economic policy:

(1) We should be a nation of low tariffs. The President should be able to reduce tariffs on certain products where the tariff is still very high. Examples are toys, which have a tariff of 70%, and of lace, where the tariff is 90%.

(2) There should be lower tariffs, and in some cases no tariffs, on materials in short supply. The Munitions Board has listed some 93 raw materials which are on our stockpiling list. On many of these materials there are still very high tariffs.

(3) Our customs procedures should be simplified.

(4) Our tariff rates and schedules should be simplified to the end that great injustices to our importers be drastically reduced.

(5) The multilateral trade agreement and the General Agreement on Tariffs and Trade should be put on a permanent basis by Congress so that the nations belonging to GATT will know the U. S. accepts as preferable the negotiation of tariff reductions on a multilateral basis and also that we accept certain fundamental rules of fair trading practices as set down in the GATT.

(6) The so-called Peril Point Amendment in the present Trade Agreements Act should be eliminated because it does not necessitate consideration of the needs of the nation as a whole, but is designed only to protect a particular industry, and it is questionable whether it is possible to determine a point below which a domestic industry will suffer injury because of imports. Our trade policy should be sufficiently flexible to meet changing economic conditions and should be geared to our international commitments, as well as the requirements of our defense plans, the necessity of obtaining the best possible use of our domestic resources, the needs of our economy for foreign markets and the effects of our actions upon the policies of other countries towards us.

(7) The Escape Clause Amendment in our Trade Agreements Act should be modified and made more flexible because it, also, acts as a restriction on imports in protecting domestic industries from import competition. Some industries essential to our national security must be protected, of course. The Escape Clause, however, creates the impression on other nations that at any time the market in the U. S. may be cut off or seriously curtailed and such a situation does not assure stability or expansion of their trade with us. Certainly, no one industry should be protected at the expense of the public interest and at the expense of endangering our foreign policy objectives of a peaceful and economically healthy world.

(3) A modest government program should be instituted to allow domestic industries to adjust to low tariffs. The recent Bell report issued by the Public Advisory Board of the Mutual Security Agency estimated that a policy of low tariffs would affect at most 90,000 U. S. workers. It is quite possible for affected industries, as in the case of the Elgin Watch Co., to diversify their products. In other instances — which may be similar in effect to the movement of industries from one part of the U. S. to another—state and regional U. S. employment offices can work with local Chambers of Commerce to induce new industries to move into the community.

(9) The United States should continue its program of technical cooperation whereby we assist the people in underdeveloped countries to raise their living standards by supplying them with technical experts in the fields of agriculture, health, education, etc.

(10) We should assist in every way to increase the availability of capital to foreign nations from the U. S. Export-Import Bank and the International Bank.

(11) Through extra incentives and through commercial and tax treaties, we should push the flow of private investment abroad.

Basic Difficulties in Our Present Policy

Perhaps it would be wise to point out some of the basic difficulties inherent in our present policy. The basis of our trade policy in the past 20 years has been the Reciprocal Trade Agreements Act. This Act has been amended several times and is in the process of being renewed by Congress for one year. It enables the President to negotiate agreements with other nations for the reduction of tariffs and other trade barriers. The Trade Agreements Act is not adequate to meet the problem that faces us in international trade because it assumes that world tarde is in balance, whereas actually the U. S. is a great creditor nation while most of the other nations are debtors. What is needed is trade legislation which will allow other nations to earn dollars by increasing their sales to the U. S. in order to pay off their debts and improve their general economic health.

The Trade Agreements Act is not adequate for a second reason. The Act assumes that if imports threaten the existence and continued prosperity of an American industry, the protection of this industry should be given first consideration. This assumption is not valid if our goal is to promote economic strength and increase productivity amongst the non-Communist nations. It is not always valid either if our concern is the over-all national interest as opposed to the special.

The Trade Agreements Act should also be based on the principle that an increase in the tariff is not the remedy for domestic industry that cannot withstand competition. Exceptions can be made to this principle, but for the most part the U. S. in cooperation with the state governments and with American industry and labor should be able to devise new ways for marginal and inefficient industries to go into new lines of production.

We must remember that it is not *only* imports which hurt American industry. There are many other factors such as competition from other domestic producers, technological progress, changes in tastes and styles, new inventions, processes, and materials. All this is inherent in the free enterprise system in which we believe. I dare say the advent of cardboard milk bottles caused consternation in the glass milk bottle industry; before that the advent of the automobile hurt the horse and buggy industry; and I hear that moving picture producers have been so concerned about TV that they are developing something called "3 D." Certainly with the will to do so, the American people can find ways to make necessary adjustments resulting in a net gain when the alternative is so disastrous.

In conclusion, I would like to tell you of a remark my younger son made years ago. I think it has a moral. He had been doing exceedingly poorly in school during his first few weeks of second grade. When I took him to task for this, he looked me firmly in the eye and said: "You mustn't expect so much of me. I've never been in the second grade before!"

Perhaps we can look at the continuing world crisis of our times and say with all honesty, we mustn't expect to adjust ourselves so fast; for we have never been the leader of the free world before. Indeed, never before has the world been so interdependent. The desire for freedom from want and fear and domination has never before burned so passionately in so many hearts in so many lands. Never before has any other nation been provided with such an opportunity to lift up the human spirit, to push back the horizon of man's achievements, to rise to so great a destiny. We are currently engaged in the most extravagant armament race of incalculable destructive force that mankind has ever witnessed. Will this country — will you and I as citizens—have the determination and vision to channel even an equal amount of our effort and resources toward the preservation and betterment of human life? We are at the crossroads and this is the question that only the U. S. can answer.

Join Revel Miller

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Richard G. Cass has become connected with Revel Miller & Co., 650 South Spring Street, members of the Los Angeles Stock Exchange.

Hannaford & Talbot Add

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Robert L. Love has become affiliated with Hannaford & Talbot, 519 California Street. He was previously with Paul C. Rudolph & Co.

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Financing Canada's Industrial Expansion

on investment topics before Service Clubs and similar bodies.

In addition we have designed Lecture Courses on money management, and in most cases have supplied lecturers. During the past season, in cooperation with educational authorities, these courses were received with enthusiasm in Vancouver, Edmonton, Moose Jaw, Regina, Saskatoon, Winnipeg, London, Hamilton, Guelph, Toronto, Kingston and Montreal. Perhaps the highlight of our endeavors during the winter was the establishment of an investment course, in the French language, with the cooperation of the University of Montreal. The first Canadian correspondence course on "How to Invest" has now been offered twice by the University of Toronto, with enrollment far beyond expectations.

We hope, by these and other methods, to promote an intelligent understanding of the probable rewards available to investors through financial participation in industry, and to take away that fear of bonds and shares which seems to surround the uninitiated.

The first real fruits of this effort would be the maintenance of at least the current balance of Canadian business owned, and controlled, by Canadians. At present, with so many of our companies controlled from abroad, this, we believe is a most desirable objective.

Capital Raising Mediums

Let us now turn briefly to the mediums available to industry in the public borrowing, or capital raising, markets. Obviously there are two broad avenues, shares or bonds, but each of these has numerous side streets.

The issuance and sale of additional common share capital, means the taking in of new partners who cast their lot with the old shareholders. They may not ask the company to return their investment, nor may they demand the payment of dividends; on the surface, a most desirable state of affairs for the company. However, there are other features to be considered. To assure the success of additional share issues, it is accepted practice to offer rights to old shareholders to purchase the new stock, at a price con- market. This results in the company taking a substantially discounted price for its new shares, upon which it is assumed it will pay its current dividend rate. To follow this one step further, we must remember that all share earnings are subject to Corporation Income Tax before the payment of dividends so, to justify the raising of money by share issues, the company must anticipate that the result of its capital raising will produce more than twice the regular dividend rate on the amount required, in order to provide for both taxes and dividends. Finally, the creation of new shareholders may weaken the voting position of the controlling interest of the company.

Time is not available to deal with other types of share issues, and it is sufficient to say that, from a taxation and required earnings standpoint, most variations would be in substantially the same position.

However, it is this taxation and cost position of share financing which accounts for the majority of recent industrial expansions having been financed through the medium of fixed interest bearing bonds and debentures. With bond or debenture interest, almost without exception, being treated as an expense of the business, and deductible before income tax calculation, the comparative advantages to the borrower, from an earnings standpoint, have become almost irresistible.

Despite the fact, therefore, that bonds and debentures are a capital liability, the interest and principal of which must be met promptly to avoid default, it seems reasonable to assume that our expanding industry will continue to be financed where possible through fixed interest obligations, if such can justifiably be issued. I say, justifiably, because the issuance of fixed interest obligations should never be allowed to create a top heavy debt position.

In closing I would like to leave with you one thought regarding those who are asked to invest in bonds, shares or other income investments.

No nation was ever built by the spending of its people, but only by the savings of the many.

The philosophers of ancient Persia have been credited with expounding the theory that the true measure of a man's earnings is not determined by his income, but by the residue of earnings he retains at the end of each year. If there is no residue—then a year has been wasted, and he has worked to no avail.

In our economy, it is not too important whether a man's savings take the form of bonds, shares, bank deposits, life insurance or a reduction in his personal debts, provided he does save to improve his financial position and thus contribute to the betterment of the nation.

Without individual savings, there can be no true and lasting prosperity, as it is this money which is directly, or indirectly, channeled into the capital outlays of governments, the expansion and modernization of industry, and the development of natural resources.

For too long now the urge to save has been blunted by the pittance of wages money has been able to earn as interest. Through most of modern financial history, until about 1940, the annual return on a $1,000 conservative investment would buy a reasonable suit of clothes, if the varying cost of the suit is taken into consideration. From 1940 until recently, the average man would have found it difficult to buy even a pair of good trousers with the interest on $1,000, after taxation, and the reward of a pair of trousers a year is not much incentive to save $1,000.

Let us, therefore, remember, that while there are many advantages to Governments and to Industry in cheap borrowing rates, if the individual's incentive to save is destroyed, then there has also been destroyed an important source of our wealth and prosperity.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	July 19	§96.2	*92.8	96.8	15.2
Equivalent to—					
Steel ingots and castings (net tons)	July 19	§2,169,000	*2,092,000	2,183,000	316,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	July 4	6,451,100	6,484,250	6,408,700	6,102,45
Crude runs to stills—daily average (bbls.)	July 4	¶7,053,000	7,047,000	7,168,000	6,753,000
Gasoline output (bbls.)	July 4	24,044,000	24,571,000	24,787,000	22,557,000
Kerosene output (bbls.)	July 4	2,337,000	2,470,000	2,109,000	2,440,000
Distillate fuel oil output (bbls.)	July 4	10,457,000	10,326,000	11,117,000	9,629,000
Residual fuel oil output (bbls.)	July 4	8,860,000	8,834,000	8,312,000	8,674,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	July 4	144,497,000	146,965,000	152,592,000	119,533,000
Kerosene (bbls.) at	July 4	27,874,000	26,956,000	24,234,000	23,312,000
Distillate fuel oil (bbls.) at	July 4	86,274,000	83,131,000	76,811,000	67,542,000
Residual fuel oil (bbls.) at	July 4	44,738,000	43,599,000	42,453,000	46,172,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	July 4	760,232	818,450	775,489	447,51
Revenue freight received from connections (no. of cars)	July 4	618,254	671,203	644,068	488,163
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	July 9	$191,626,000	$256,188,000	$368,634,000	$381,742,000
Private construction	July 9	59,523,000	135,627,000	214,580,000	176,645,000
Public construction	July 9	132,103,000	120,561,000	154,104,000	205,097,000
State and municipal	July 9	86,732,000	89,941,000	121,863,000	73,180,000
Federal	July 9	45,371,000	30,620,000	32,241,000	131,917,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	July 4	1,580,000	*10,010,000	9,135,000	1,116,000
Pennsylvania anthracite (tons)	July 4	84,000	804,000	676,000	53,000
Beehive coke (tons)	July 4	59,900	123,100	127,700	4,200
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	July 4	80	94	118	79
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	July 11	8,096,149	*7,914,875	8,244,852	6,987,796
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	July 9	139	169	167	156
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	July 7	4.634c	*4.634c	4.417c	4.131c
Pig iron (per gross ton)	July 7	$56.76	$56.01	$55.26	$52.77
Scrap steel (per gross ton)	July 7	$43.83	$43.50	$39.83	$39.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	July 8	29.700c	29.700c	29.700c	24.200c
Export refinery at	July 8	29.650c	29.650c	29.825c	34.330c
Straits tin (New York) at	July 8	83.000c	89.500c	92.750c	121.500c
Lead (New York) at	July 8	13.500c	13.500c	13.250c	16.000c
Lead (St. Louis) at	July 8	13.300c	13.300c	13.050c	15.800c
Zinc (East St. Louis) at	July 8	11.000c	11.000c	11.000c	15.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	July 14	93.34	93.18	91.82	98.57
Average corporate	July 14	103.47	102.80	102.13	109.97
Aaa	July 14	108.16	107.09	105.69	114.08
Aa	July 14	105.69	105.17	103.80	112.37
A	July 14	102.13	101.47	101.14	109.60
Baa	July 14	98.09	98.09	97.94	104.14
Railroad Group	July 14	101.31	100.65	100.00	107.09
Public Utilities Group	July 14	103.47	102.80	101.97	109.42
Industrials Group	July 14	105.52	105.17	104.14	113.50
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	July 14	2.99	3.00	3.10	2.60
Average corporate	July 14	3.54	3.58	3.62	3.17
Aaa	July 14	3.27	3.33	3.41	2.95
Aa	July 14	3.41	3.44	3.52	3.04
A	July 14	3.62	3.66	3.68	3.19
Baa	July 14	3.87	3.87	3.88	3.50
Railroad Group	July 14	3.67	3.71	3.75	3.33
Public Utilities Group	July 14	3.54	3.58	3.63	3.20
Industrials Group	July 14	3.42	3.44	3.50	2.98
MOODY'S COMMODITY INDEX	July 14	425.3	423.7	413.1	438.2
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	July 4	338,713	206,661	382,192	204,886
Production (tons)	July 4	227,070	254,212	233,423	141,384
Percentage of activity	July 4	86	97	87	56
Unfilled orders (tons) at end of period	July 4	566,965	457,599	596,571	413,405
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	July 10	106.54	106.35	106.17	110.45
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—					
Number of orders	June 27	19,837	23,112	24,174	23,174
Number of shares	June 27	558,766	621,383	684,124	681,417
Dollar value	June 27	$25,089,008	$27,152,238	$32,335,081	$31,472,824
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	June 27	17,186	19,740	20,061	22,078
Customers' short sales	June 27	108	195	157	99
Customers' other sales	June 27	17,078	19,545	19,904	21,979
Number of shares—Total sales	June 27	476,211	536,561	553,347	623,186
Customers' short sales	June 27	4,071	7,446	7,483	4,970
Customers' other sales	June 27	472,140	529,115	545,864	618,216
Dollar value	June 27	$18,921,947	$21,096,412	$21,828,731	$26,575,032
Round-lot sales by dealers—					
Number of shares—Total sales	June 27	139,080	154,800	178,030	184,210
Short sales	June 27	------	------	------	------
Other sales	June 27	139,080	154,800	178,030	184,210
Round-lot purchases by dealers—					
Number of shares	June 27	241,760	256,020	230,580	252,750
TOTAL ROUND-LOT STOCK SALES ON THE NEW YORK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total Round-lot sales—					
Short sales	June 20	279,330	320,000	248,470	177,700
Other sales	June 20	5,593,240	7,378,350	7,084,890	6,026,100
Total sales	June 20	5,872,620	7,698,350	7,333,360	6,203,800
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	June 20	643,110	784,220	773,080	549,570
Short sales	June 20	111,000	129,840	109,920	103,040
Other sales	June 20	5,079,000	679,820	625,720	462,530
Total sales	June 20	618,900	809,660	735,640	565,570
Other transactions initiated on the floor—					
Total purchases	June 20	149,250	188,250	209,250	114,000
Short sales	June 20	18,000	27,600	14,500	4,400
Other sales	June 20	122,740	209,230	324,860	135,380
Total sales	June 20	140,740	236,830	339,360	139,780
Other transactions initiated off the floor—					
Total purchases	June 20	219,140	308,265	295,650	259,055
Short sales	June 20	67,820	65,990	57,760	27,850
Other sales	June 20	282,895	294,170	226,435	288,990
Total sales	June 20	350,715	360,160	284,195	316,840
Total round-lot transactions for account of members—					
Total purchases	June 20	1,011,500	1,280,735	1,277,980	922,625
Short sales	June 20	196,820	223,430	182,180	135,290
Other sales	June 20	913,535	1,183,220	1,177,015	886,900
Total sales	June 20	1,110,355	1,406,650	1,359,195	1,022,190
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	July 7	109.7*	109.4	109.6	110.7
Farm products	July 7	95.2	93.4	96.5	107.6
Processed foods	July 7	102.7	102.9	104.2	108.3
Meats	July 7	90.1	90.1	93.9	110.4
All commodities other than farm and foods	July 7	114.2	114.1	113.5	111.9

*Revised figure. ¶Includes 691,000 barrels of foreign crude runs. §Based on new annual capacity of 117,547,470 tons as of Jan. 1, 1953 as against the Jan. 1, 1952 basis of 108,587,670 tons.

	Latest Month	Previous Month	Year Ago
AMERICAN GAS ASSOCIATION—For month of May:			
Total gas (M therms)	4,285,865	4,840,023	3,678,700
Natural gas sales (M therms)	4,016,907	4,531,438	3,415,500
Manufactured gas sales (M therms)	77,027	90,995	102,000
Mixed gas sales (M therms)	191,931	217,590	161,200
AMERICAN PETROLEUM INSTITUTE—Month of April:			
Total domestic production (barrels of 42 gallons each)	212,973,000	222,699,000	210,799,000
Domestic crude oil output (barrels)	193,389,000	202,458,000	192,882,000
Natural gasoline output (barrels)	19,543,000	20,202,000	17,878,000
Benzol output (barrels)	41,000	39,000	39,000
Crude oil imports (barrels)	18,839,000	20,320,000	16,170,000
Refined products imports (barrels)	11,269,000	14,156,000	11,498,000
Indicated consumption domestic and export (barrels)	240,528,000	255,565,000	228,884,000
Increase all stocks (barrels)	2,553,000	1,610,000	9,583,000
BUILDING CONSTRUCTION PERMIT VALUATION IN URBAN AREAS OF THE U. S.—U. S. DEPT. OF LABOR—Month of April (000's omitted):			
All building construction	$1,001,464	*$941,507	$858,403
New residential	531,515	*570,014	544,748
New nonresidential	351,214	*268,016	219,581
Additions, alterations, etc.	118,736	*103,478	94,074
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of May:			
New England	$27,639,922	$21,111,893	$18,042,004
Middle Atlantic	89,431,840	96,869,051	105,940,758
South Atlantic	44,647,802	56,063,620	34,087,156
East Central	109,836,545	131,953,233	84,435,336
South Central	63,749,528	87,811,374	70,765,478
West Central	31,965,439	40,631,732	28,934,927
Mountain	11,852,463	16,983,654	11,681,194
Pacific	84,994,562	78,549,857	54,746,260
Total United States	$464,118,101	$529,974,414	$408,633,113
New York City	52,196,126	50,678,096	62,146,322
Outside New York City	411,921,975	479,296,318	346,486,791
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of May	8,968	9,507	7,915
COKE (BUREAU OF MINES)—Month of May:			
Production (net tons)	6,821,580	*6,538,477	5,956,400
Oven coke (net tons)	6,282,657	6,031,864	5,556,200
Beehive coke (net tons)	538,923	*506,613	400,200
Oven coke stocks at end of month (net tons)	2,135,544	2,008,587	1,961,432
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of March (000's omitted)	31,664,116	30,875,314	28,467,286
Revenue from ultimate customers—month of March	$560,605,500	$557,642,500	$506,202,900
Number of ultimate customers at March	48,622,919	48,603,169	47,140,230
FREIGHT CAR OUTPUT—DOMESTIC (AMERICAN RAILWAY CAR INSTITUTE)—Month of June:			
Deliveries (number of cars)	6,463	6,582	6,411
Backlog of orders at end of month (number of cars)	52,315	57,345	61,825
GAS APPLIANCE MANUFACTURERS ASSOCIATION — Month of May:			
Automatic gas water heater shipments (units)	200,100	218,600	155,300
Domestic gas range shipments (units)	191,700	232,400	162,800
Gas-fired furnaces (units)	42,600	38,600	32,300
Gas-operated boilers (units)	4,300	4,800	4,100
Gas-conversion burners (units)	17,900	16,000	15,000
HOUSEHOLD WASHERS AND IRONERS — STANDARD SIZE — (AMERICAN HOME LAUNDRY MANUFACTURERS' ASSOCIATION)—Month of May:			
Factory sales of washers (units)	286,515	288,474	213,668
Factory sales of ironers (units)	9,323	14,080	12,652
Factory sales of dryers (units)	32,867	28,556	28,812
METAL PRICES (E. & M. J. QUOTATIONS)—Average for month of June:			
Copper (per pound)—			
Electrolytic domestic refinery	29.688c	29.683c	24.200c
Electrolytic export refinery	29.699c	29.710c	34.586c
Lead (per pound)—			
Common, New York	13.413c	12.750c	15.257c
Common, St. Louis	13.213c	12.550c	15.051c
‡‡Prompt, London	£88.690	£82.166	------
‡‡Three months, London	£84.363	£79.769	------
Silver and Sterling Exchange—			
Silver, New York (per ounce)	85.250c	85.250c	82.750c
Silver, London (pence per ounce)	74.000d	74.000d	72.500d
Sterling Exchange (Check)	$2.81366	$2.81464	$2.78604
Zinc (per pound)—East St. Louis	11.000c	11.000c	15.740c
‡‡Zinc, London, prompt	£70.851	£69.028	------
‡‡Zinc, London, three months	£70.670	£69.316	------
Tin (per pound)—			
New York Straits	92.699c	97.295c	121.500c
§§New York, 99% min.	91.899c	96.295c	120.500c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$191.923	$195.000	$195.240
¶Antimony (per pound) (E. & M. J.)	37.970c	37.970c	42.470c
Antimony (per pound) bulk, Laredo	34.500c	34.500c	39.000c
Antimony (per pound) in cases, Laredo	35.000c	34.500c	39.000c
Platinum, refined (per ounce)	$92.654	$90.000	$90.000
†Cadmium (per pound)	$2.00000	$2.00000	$2.25000
‡Cadmium (per pound)	$2.07500	$2.07500	$2.32500
§Cadmium (per pound)	$2.15000	$2.15000	$2.40000
Cobalt, 97%	$2.40000	$2.40000	$2.40000
Aluminum, 99% plus, ingot (per pound)	20.500c	20.500c	19.000c
Magnesium, ingot (per pound)	27.000c	27.000c	24.500c
**Nickel	60.000c	60.000c	56.500c
RAILROAD EARNINGS—CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of May:			
Total operating revenues	$901,633,922	$905,605,461	$870,648,284
Total operating expenses	680,507,810	673,704,109	676,704,241
Operating ratio	75.47	74.39	77.72
Taxes	$106,270,668	$111,577,229	$97,282,615
Net railway operating income before charges	95,393,045	101,509,344	83,094,885
Net income after charges (estimated)	74,000,000	77,000,000	59,000,000

*Revised figure. †Based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Average of quotation on special shapes to platers. ¶Domestic, five tons or more but less than carload lot, boxed. §§Price for tin contained. **F.o.b. Port Colbourne, U. S. duty included. ‡‡Average of daily mean of bid and ask quotation, per long ton, at morning session of London Metal Exchange.

Continued from first page

The Mid-Year Economic Outlook

June totaled over 63 million, with unemployment of only 1.5 million or less than 2½%. Business plant and equipment expenditures in the second quarter were also above last year, while defense expenditures jumped in the second quarter to a new postwar high of $53 billion. Prices have been relatively steady; the B. L. S. Consumer Price Index is less an 1% above a year ago and the Wholesale Price Index is down less than 2%.

The Change in Predictions

This is an impressive array of statistics and seems to indicate that any recession is still very much "around the corner," or, as Treasury Deputy Burgess has phrased it, "as yet a guess—not a reality." The consensus last January of bankers, businessmen, and economists was that business generally would continue at record levels during the first half of 1953 but would register a downturn in the second half. Recent surveys indicate some change in expectations, which in and of itself can be an extremely important factor in the outlook. There are an increasing number of predictions that 1953 may eventually be labled "the year of the slump that never came." For example, a current American Bankers Association survey of representative bankers in all Federal Reserve districts reveals that the majority expect business to continue at a rapid pace the rest of this year with "no immediate indication of slowing down." Key factors cited included "inventories in balance," construction continuing at present levels, continued high defense expenditures, high industrial production, and large capital expenditures for plant replacement and expansion. Thus, the majority of bankers polled expected the demand for loans to hold up or even increase in the second half of 1953.

Businessmen, as well as bankers, are seemingly more optimistic now about the outlook for the balance of 1953. A recent Dun & Bradstreet survey of more than 1,200 business executives shows that 65% expect their sales in the last half of 1953 to be higher than in the last half of 1952. Nearly eight out of every ten expect no change in the employment level in their own businesses during the rest of this year, and only 5% anticipate declines in employment. Forty-seven per cent of the executives responding (a larger proportion than in previous surveys) believe that their profits will be higher in the next six months.

From these surveys and other forecasts it is possible to construct brief composite statements of both the bullish and bearish views with respect to the short-run economic outlook in the United States.

"Bullish" Factors in Situation

The bullish view is that general business activity will continue at or above present levels for the remainder of 1953. The line of reasoning is about as follows:

(1) Defense spending will continue at present levels and will, therefore, be an important sustaining force. Despite all the talk about cutting the budget, most of the discussed cuts affect authorizations for future obligations or projected levels of spending and do not affect current expenditures. Official announcements are cited that defense spending will remain at present levels with munitions deliveries rising slightly. Any cut in defense spending attributable to peace in Korea is expected to be offset by the increase in "reconstruction" expenditures and possibly more than offset by tax reductions. Any cuts achieved in non-defense Federal Government spending may be offset by rising state and local government expenditures.

(2) **Consumer incomes and consumer spending will continue to rise moderately.** Recent wage increases granted by the steel and other key industries augur further increases in income. The latest Federal Reserve annual survey of consumer spending plans (March, 1953) reveals that consumers were more in a buying mood that at the time of the survey in previous years. A higher proportion of consumers indicated plans to purchase automobiles and other consumer durables in 1953. Corroborative evidence is found in the fact that retail sales are running well above last year with little evidence of weakening other than seasonally. The bullish view also stresses the point that if consumers decide to save, as in most of the postwar years, something less than 8 cents out of every dollar, total consumer spending could rise substantially.

(3) **Plant and equipment expenditures at record levels and continuing high residential construction outlays are expected to be important props in the period just ahead.** The latest SEC-Commerce survey of business plans indicates that through the third quarter of 1953 capital outlays on plant and equipment may total more than $20 billion, or 7% above a year ago. If this rate of investment is actually achieved (and there are indications that second quarter investments exceeded plans) capital outlays on plant and equipment in the last half of 1953 may continue at a $28 to $29 billion annual rate, compared with $26.5 billion in 1952. Residential construction expenditures have been running higher than last year—the optimists predict a level of housing starts approximating 1.2 million for the year. The recent increase in the rate on FHA and VA mortgages is expected to bring forth enough mortgage funds to assure this level of starts.

In summary, then, those holding a bullish view point to the likely continuance of defense spending at present levels, expected record business outlays on plant and equipment, high residential construction outlays, and the possibility of moderately rising consumer spending.

"Bearish" Factors in Situation

Those who hold a bearish view and foresee a slide-off beginning in the third quarter and probably accelerating in the fourth quarter of 1953 take sharp issue with respect to the outlook for some of these same key factors. They argue that there are major factors of weakness in the outlook as follows:

(1) **Production, particularly of automobiles and other consumer durables, is running at a level that is not sustainable in terms of demand.** A sharp drop in industrial production is forecast for the third and fourth quarters of this year, with some extreme pessimists predicting that the Federal Reserve Board index will drop to 210 by year-end. Production of automobiles in the first half of the year was at a record level of over 3 million cars and some rise in new car inventories has been reported. Used car sales have not risen proportionately with those of new cars thus far this year and used car stocks have continued to climb to new highs. Another factor in the expectation that consumer spending may fail to keep pace with record production is the drop in farm income—farm prices are now about 11% below a year ago. Still another unstabilizing factor cited is the increasing proportion of sales on credit and the rise in consumer credit to nearly $27 billion.

(2) **Inventories generally are at a "vulnerable" level.** Total inventories are now at an all-time high of $77 billion, and even a slight slow-down in sales could lead to a sharp inventory readjustment.

(3) **Expenditures on plant and equipment will decline from the present record levels.** Higher interest rates and the corollary tightness in available funds may deter planned capital outlays. As to the outlook for residential construction, the bears point out that for the first time in the postwar period there was a contra-seasonal drop in housing starts between April and May. They also argue that the latest increase in FHA-VA rates did not ease appreciably the supply of mortgage funds, while on the demand side there is evidence in some areas of market saturation.

(4) **Defense spending is at a peak and will decline in months ahead**—attempts to cut the non-defense budget will also result in lower Federal Government spending. This in turn will have important indirect effects on business spending for plant and equipment and on consumer spending.

In summary, then, the bearish view seems to be that production, particularly of automobiles and other consumer durables, is outrunning demand and could involve sharp cutbacks later this year, that inventories are at a "vulnerable" level, that capital outlays will decline from present levels, that residential construction has hit a snag, and that defense spending will taper off.

Looks for "Sideways Movement"

Exercising my own "hunch and low-grade skill," my view (not to be construed as an official view of the Federal Reserve Bank of Richmond or of the Federal Reserve System) is that there will be neither any significant weakness nor any further strong inflationary upsurge in general business activity during the balance of 1953. General business activity may move "violently sideways"—in other words, with any up or down movements confined to a very narrow range. In my judgment, there are no foreseeable new expansive forces but, at the same time, no abrupt weakening appears imminent in the present props of high defense spending, record level business spending on plant and equipment, and rising consumer spending.

Fiscal and monetary developments will undoubtedly play a very important role in the near-term outlook. The Treasury this past week announced that the fiscal year 1953 closed with a record peacetime budget deficit of $9,389 million, which probably represents a cash deficit of around $5 billion. Even if the excess profits tax is extended and there is a repeal of scheduled reductions in the regular corporate income tax and the excise taxes, a sizable budget deficit approximating $5.5 billion in fiscal 1954 is foreseen by the Administration. More important in terms of the outlook for the balance of this year, latest official estimates show a substantial cash deficit in the last half of calendar 1953, ranging as high as $9-$12 billion. In addition, there is a substantial refunding job to be accomplished during this same period, totaling over $21 billion. To the extent that new money needs are met by short-term financing through the commercial banks, the money supply will increase and may well be an expansive factor in the short-run outlook.

Monetary policy developments may be viewed against the background of this business and fiscal outlook. Recent monetary policy moves have included open market purchases of bills totaling more than $1 billion since early May (thus adding to bank reserves) and a reduction in required reserves. Although monetary measures cannot alone ensure stability, a flexible and effective monetary policy can be (and probably it is fair to say "has been" since early 1951) an important factor contributing to stability. As pointed out by Chairman Martin, the Federal Reserve System's goal is to use monetary policy instruments to contribute to sustainable economic growth without either monetary inflation or deflation. Thus, in announcing on June 24 the reserve requirement reductions effective July 1 and July 9, the Board of Governors of the Federal Reserve System stated:

"This step was taken in pursuance of Federal Reserve policy, designed to make available the reserve funds necessary to meet the essential needs of the economy and to help maintain stability of the dollar. The reduction, releasing an estimated $1,156,000,000 of reserves, was made in anticipation of the exceptionally heavy demand on bank reserves which will develop in the near future when seasonal requirements of the economy will expand and Treasury financing in large volume is inescapable. The action is intended to provide assurance that these needs will be met without undue strain on the economy and is in conformity with System policy of contributing to the objective of sustaining economic equilibrium at high levels of production and employment."

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U. S. Is Not a High Tariff Country

have sold abroad. In other words, we are playing our proper role as a creditor nation and if individual countries cannot work out their foreign trade problems within this vast area of dollar availability, it is not through any fault of our own. These are not figures pulled out of a hat. These are facts which are eventually confirmed, after more thorough refinement, in the balance of payments statement where you will find that foreign countries, during the past three years, have been accumulating dollars and that some countries have been using some of these dollars to purchase gold from the United States.

We are told that we must increase our imports. Where do we stand? Taking the American Bureau of the Census figures, tabulating imports for consumption, I find that from an average of some $3 billion during the 20-year period from 1921 through 1940, our imports for the year 1952 are close to $11 billion, an increase of 270%. Breaking this down between our free-of-duty imports and dutiable imports, the duty free imports have increased 229%, while the dutiable imports have increased 348%, the greater increase being in dutiable items. This is confirmed by the ratio of free to dutiable imports for those same periods, which fell from an average of 62.6% free imports to 58.2% in 1952. No other country in the world has increased its imports as much as the United States.

We are told that our import tariff rates are high and that they must be lowered. This is a complex problem to answer because of the tremendous variety of items involved in the trade of our country and because the rate of duty is a relative matter which has to do with the margin of protection afforded by the particular rate. What I mean is that in some countries an ad valorem rate of 50% might not be sufficient to protect a product from low-cost imports, while in another case, 10% might be unnecessarily high to protect another product from a high-cost import.

If we want to compare our tariff rates with those of other countries, we find that there exists only one common yardstick which can be used for making comparisons. That is the ratio of customs collections to the value of imports. This ratio gives us averages based on the pattern of trade for each country and the comparisons can only be taken as a trend indication of the changes in tariff rates.

We have some official American figures which, as I have explained before, are not comparable to foreign statistics. The American figures are published by the United States Tariff Commission and, in their latest publication covering the trade agreements program until June, 1952, which has just been received, the Commission shows that, based on foreign value of United States imports for consumption in 1949, the average level of our tariffs has dropped since pre-agreement rates from 10.6% to 5.4% on Jan. 1, 1952. If we consider dutiable items alone, the drop is from 25.8% to 13.3%. In all, the average of our tariff rates has been reduced 49%.

To compare our rates with those of foreign countries, I once again have to turn to the International Monetary Fund statistics on imports and, for the figures on customs duties collected by the various countries, I must turn to the thorough study done by Dr. John Lee Coulter of Washington, on behalf of The American Tariff League, because of the fact that none of the agencies of our Government have this data, nor the International Monetary Fund, nor the United Nations Organization. Picking out some of the figures for free European countries, I find that against a ratio for the United States of 4.9% in 1951, Denmark, with 1.7%, Belgium-Luxembourg with 2.9% and the Netherlands with 4.6%, are lower than the United States. But then I find the Federal Republic of Germany with 5.8%, Switzerland, 8.1%; France, 10.5%; Turkey, 12.5%; Ireland, 13.2%, and the United Kingdom, 25.6%. If we take the sub-total for 15 countries of Free Northern, Western and South Europe (which excludes Iceland, Austria and Spain for which figures are not available), we find that their over-all ratio is 13.1% against our ratio of 4.9%.

U. S. Not a High Tariff Country

By the yardsticks used, the United States is not and cannot be accused of being a high tariff country. This does not mean that, in examining details, there may not still exist some items on which the rate of duty may appear high, but any propositions to lower rates must be examined with the greatest care and by experts in this field.

What am I trying to demonstrate by all this? I am trying to give evidence to prove that the internatioinal trade difficulties of foreign countries do not come from the American international trade system. The emphasis placed on the discussions of the American tariff are entirely out of proportion with the reality of the situation and serve to hide the urgency of solving the other ele-

ments of the foreign economic picture.

Factors in Solution of Economic Problems

Because of the fact that none of the countries receiving military aid has suggested that we terminate that aid and that President Eisenhower has recently declared that such aid will probably go on for another ten years, I feel that the solution of the economic problems lies in other directions than the American tariff and in my opinion these are the important ones:

(1) Development and maintenance of a strong American domestic civilian economy, with a high level of purchasing power for our currency.

(2) Making more attractive, travel by American citizens to countries in need of dollars. (In 1952, nearly $1 billion were made available to foreign countries by American travelers and there was an improvement in the outlays in the European and Mediterranean area.)

(3) Increase in the consuming powers of European people within their own country.

(4) Stable currencies abroad.

(5) Convertibility of those currencies among each other and with the U. S. dollar.

(6) Finally, the creation of the proper climate to encourage the investment of American private capital abroad.

No single one of those elements will solve the problem but a little bit of each will go a long way toward revitalizing the causes which result inevitably in increased trade, not only to the United States, but to all the free countries in the world.

Morgan Stanley Group Offers Consumers Pwr. 3¾% Bonds at 101¼

Morgan Stanley & Co. and 40 associated underwriters are offering for public sale today (July 16) $25,000,000 Consumers Power Co. new first mortgage bonds, 3¾% series due 1983. The bonds are priced at 101¼% and accrued interest, giving a yield of 3.68% to maturity.

Proceeds of the sale together with treasury cash will be used by the company in furtherance of its construction program, which involves expenditures of approximately $62,000,000 during the year 1953. Included among the projects are the completion of a third unit of 106,000 kilowatts at the Justin R. Whiting plant on Lake Erie and the addition of a seventh unit of 135,000 kilowatts at the John C. Weadock plant near Bay City.

A sinking fund provides for annual payments, beginning in 1956, equal to 1% of the total amount of all series of first mortgage bonds outstanding. Sinking fund redemption prices scale from 101¼% if redeemed on or prior to June 30, 1957 to the principal amount after June 30, 1980. Optional redemption prices range from 105¼% if redeemed to and including June 30, 1957 to par if redeemed after June 30, 1980.

The company's principal business is the generation and distribution of electricity in 1,475 communities and townships in Michigan, including a number of important industrial areas. It also sells natural gas in 273 communities in the state. The company's territory has a population of more than 3,000,000. Among the larger communities served are Grand Rapids, Flint, Saginaw, Lansing, Pontiac, Kalamazoo, Bay City and Jackson. Total operating revenues of the company for the 12 months ended April 30, 1953 were $144,986,926 and gross income before income deductions was $26,806,001.

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The State of Trade and Industry

executives are optimistic. They're noted for conservatism this weekly "Steel" publication states.

Even though they're surprisingly optimistic over fourth-quarter prospects they're being alert for any sudden turns that would darken the outlook. They're paying particularly close attention to the automobile industry. It's the biggest consumer of steel.

Automakers are still displaying optimism, and they have set 628,100 cars as their production goal for July. This is almost 50,000 units above the number built in June.

How to Keep Auto Production High

If need be, a little sales effort by the auto dealers might help keep auto production high, some observers suggest. Have you been approached recently by an auto salesman? Many people haven't. In one office, for example, only one man out of 16 had been contacted personally by a seller of new cars. Alarming to some observers, however, is the sluggishness of used car sales.

Even if steel demand should subside somewhat in the fourth quarter some of the slack is expected to be taken up by carryover of unfilled orders from the third quarter. In some products it appears now there will be a carryover of two to three weeks.

With Summer vacations in full swing in steel plants, output of steel for ingots and castings in the week ended July 11 declined 1.5 points from the preceding week and registered 94.5% of capacity.

The American Iron and Steel Institute announced that the operating rate of steel companies having 93% of the steelmaking capacity for the entire industry will be at an average of 96.2% of capacity for the week beginning July 13, 1953, equivalent to 2,169,000 tons of ingots and steel for castings as against 92.8% (revised), or 2,092,000 tons a week ago. For the like week a month ago the rate was 96.8% and production 2,183,000 tons. A year ago the weekly production was placed at 316,000 tons and the operating rate was 15.2% of capacity, due to a general steel strike.

Car Loadings Are 18.1% Below the Preceding Week

Loadings of revenue freight for the week ended July 4, 1953, decreased 148,218 cars, or 18.1% under the preceding week due to the coal miners' annual vacation and to some extent the Saturday Independence Day holiday, according to the Association of American Railroads.

The loadings totaled 670,232 cars, an increase of 49.8% above the corresponding 1952 week when loadings were affected by the steel industry strike and an increase of 82,073 cars or 14% above the corresponding 1951 week.

Coal loading amounted to 31,793 cars, an increase of 7,690 cars above the corresponding 1952 week but showed a decrease of 110,425 cars below the preceding week this year.

Electric Output for Week Ended July 11th Was up 15.9%

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, July 11, 1953, was estimated at 8,096,149,000 kwh., according to the Edison Electric Institute.

The current total was a gain of 15.9% over the comparable 1952 week when 6,987,796,000 kwh. were produced. In the 1951 like week output amounted to 6,738,873,000 kwh.

U. S. Auto Output Rises 15% Above Week Ago

The unexpected has happened, namely that: automobile output rose 15% last week over the previous period.

The industry turned out 133,557 new cars last week, compared with 116,488 in the previous week, when the industry worked only four days because of the July 4 holiday. Last week's total was 159% greater than the 51,476 in the year ago week when companies were shutting down production due to the steel strike.

One reason for last week's rise was the increased ouput at Ford Motor Co., which made 37,500 Ford, Mercury and Lincoln cars for its highest total in 2½ years.

Ward's Automotive Report claims the industry plans to construct 1,860,000 cars in the current quarter, a goal exceeded only once before in automotive annals viz: 1,898,783 in the third quarter of the record year, 1950. Ward's added the industry plans to make 631,000 cars this month, which would be a 32-month high. This compares with 588,579 last month and the present 1953 high of 601,469 last April.

U. S. truck production rose 41% last week to 21,870, compared with 15,517 the previous week (four days). This was more than double the 10,195 built in the like year ago week.

Canadian companies made 8,996 cars last week, compared with 6,560 in the previous week and 7,121 in the like 1952 week. Their truck production was 2,382 units last week, against 1,926 the week before and 1,824 in the year earlier period. According to the automotive statisticians, R. L. Polk & Co., new car sales rose about 31% in the first six months this year over the like 1952 period.

Business Failures Down in Holiday Week Ended July 9th

Commercial and industrial failures declined in the holiday week ended July 9 to 139 from 169 in the preceding week, reported Dun & Bradstreet, Inc. This drop brought casualties below last year's total of 156 for the comparable week, as well as below the 173 which occurred in 1951. Continuing far below the prewar level, failures were only one-half as numerous as in 1939 when 272 were recorded.

Liabilities of $5,000 or more were involved in 110 of the week's casualties. This size group declined from 146 last week and 128 a year ago. An increase on the other hand, appeared among small failures, those having liabilities under $5,000, which rose to 29 from 23 a week ago and were almost even with the 28 of this size in the similar week of 1952. Eight businesses failed with liabilities in excess of $100,000, compared with 19 last week.

Mortality was lower during the week in retailing, down to 67 from 94, in wholesaling which dropped to 12 from 18, and in construction, off slightly to 14 from 15. Manufacturing casualties rose to 36 from 33 and commercial service to 10 from nine. Failures in construction trade were heavier than last year but declines from the 1952 level prevailed in all other lines except commercial service which remained the same with 10.

Wholesale Food Price Index up Sharply to New 1953 High

With 15 commodities, or almost half of the 31 items included in the Dun & Bradstreet Wholesale Food Price Index scoring advances this week, the index rose sharply from $6.54 last week, to $6.62 on July 7. This marked a new peak for this year and represented the highest level since the 1952 high of $6.70 was touched on August 26 and Sept. 2 last year. The latest figure compares with $6.51 on the like date a year ago, or a rise of 1.7%.

The index represents the sum total of the price per pound of 31 foods in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Shows Moderate Rise in Week

The general level of prices registered a moderate advance during the past week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., national credit reporting agency, finished at 278.33 on July 7, as compared with 275.81 a week previous, and 290.43 on the corresponding date a year ago.

Grains continued unsettled this week although a firmer undertone was evident at times. Corn displayed a firm tone most of the week. Receipts were light in volume and there was a good demand for the cash article. Oats were firmer with demand being stimulated by the belief that the Government crop report scheduled for Friday will show a decrease in production prospects from a month ago. Average daily sales of grain and soybean futures on the Chicago Board of Trade at 59,900,000 bushels, showed little change from a week ago, and compared with 45,300,000 bushels in the same week last year.

Domestic bookings of hard wheat bakery flours remained in limited volue despite a strengthening of cash wheat premiums in the Southwest. Cocoa futures maintained a firm undertone with further sharp advances reflecting increased buyers' interest, a tightening of spot supplies, and firmer prices for actuals. Coffee prices rose sharply in late trading, influenced by reports of heavy frosts in Brazil. Lard was strong throughout the week, aided by good commission house demand.

Cotton prices displayed a steadier undertone during the latter part of the week.

As many stores closed for Independence Day, the total dollar volume of retail trade declined perceptibly in most parts of the nation in the week ended July 8. However, shoppers continued to spend slightly more than they did a year before; the year-to-year gain was pronounced in some sections since the holiday week-end was longer last year. Clearance sales of seasonal merchandise began after the holiday but were much less common than in recent years.

The total dollar volume of retail trade in the week ended July 8 was estimated by Dun & Bradstreet, Inc., to be from 3 to 7% higher than a year ago.

The consumer interest in apparel remained high this week although the loss of a shopping day reduced sales volume measureably. The total receipts of apparel merchants continued to surpass the year-ago level with the most marked gains in the buying of men's suits, casual shoes, and denim sportswear.

Food stores reported a decline in consumer demand this week as many housewives deserted their kitchens for resort spots.

The interest in most household goods continued to slide seasonally. However, small air-conditioners, picnic supplies, and outdoor furniture remained in avid demand in most parts. Consumers continued to spend a larger share of their incomes for durable goods than they did last year, the most marked year-to-year rise being in the call for new cars.

With a seasonal lull prevailing in many markets, trading activity declined mildly in the week ending this July 8. However, it continued to be slightly higher than the level of a year before. The more marked gains over the year-ago level continued to be in the call for durable goods. Inventories remained perceptibly higher than a year earlier.

The slackness in most wholesale textile markets continued this week as many mills closed for vacations and stock-taking. There was a flurry of interest in unfinished cotton goods following the Government's downward revision of its acreage estimate. Many trade observers anticipated a robust recovery in the wholesale demand for textiles in the coming weeks.

Food buyers continued to order more than in the comparable week a year earlier.

Retail trade in New York the past week recorded a gain of 12%.

According to the Federal Reserve Board's Index department store sales in New York City for the weekly period ended July 4, 1953, registered an increase of 12% from the like period of last year. In the preceding week an increase of 8% (revised) was reported from that of the similar week of 1952, while for the four weeks ended July 4, 1953, an increase of 5% was reported. For the period Jan. 1 to July 4, 1953, no change was registered from that of 1952.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Aberdeen Idaho Mining Co., Wallace, Idaho
March 30 (letter of notification) 100,000 shares of non-assessable common stock. **Price** — 15 cents per share. **Proceeds**—To develop mining claims. **Underwriter**—Wallace Brokerage Co., Wallace, Idaho.

Acteon Gold Mines Ltd., Vancouver, B. C., Can.
April 22 filed 250,000 shares of common stock (no par). **Price** — $1 per share (net to company). **Proceeds** — To purchase equipment and supplies. **Underwriter**—M. H. B. Weikel, Los Angeles, Calif.

Alaska-Wrangell Mills, Inc.
June 9 (letter of notification) 58,000 shares of capital stock. **Price**—At par ($5 per share). **Proceeds**—For working capital. **Business**—Lumber mill. **Office**—216 Third Ave., South, Seattle, Wash. **Underwriter** — National Securities Corp., Seattle, Wash.

★ American Independence Life Insurance Co., Houston, Texas.
July 14 filed 50,000 shares of preferred stock (no par) and 50,000 shares of common stock (no par) to be offered to commissioned officers of the uniformed services of the United States in units of five shares of each class of stock. **Price**—$495 per unit. Payment may be made in 36 equal monthly instalments of $13.75 each. **Proceeds** — For general corporate purposes. **Underwriter**—None.

• American Pipe & Construction Co., South Gate, Calif. (7/22)
June 30 filed 100,000 shares of common stock (par $1), of which 50,000 will be offered by the company and 50,000 by certain stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

• Ampex Corp., Redwood City, Calif. (7/28)
July 7 filed 160,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for working capital. **Business** — Manufacturer of magnetic recording equipment. **Underwriters**—Blyth & Co., Inc. and Irving Lundborg & Co., both of San Francisco, Calif.

• Applied Science Corp. of Princeton (7/21)
May 21 filed $750,000 of 6% guaranteed sinking fund 10-year debenture notes due April 30, 1963, of this company and 75,000 shares of common stock (par one cent) of Bradco, Inc., to be offered in units of $100 of notes and 10 shares of stock. **Price**—$105 per unit. **Proceeds**—For acquisition of stock of two companies, which will borrow the remainder to repay bank loans and for working capital. **Underwriter** — C. K. Pistell & Co., Inc., New York.

Armstrong Rubber Co.
March 31 filed $4,000,000 of 5% convertible subordinated debentures due May 1, 1973. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Business**—Manufacturer of tires and tubes. **Underwriter**—Reynolds & Co., New York. **Offering**—Temporarily postponed.

★ Atlas Plywood Corp., Boston, Mass. (8/4)
July 14 filed $5,000,000 of 5% sinking fund debentures due 1968 and 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans, etc. **Underwriter**—Van Alstyne, Noel & Co., New York.

★ Barton Petroleum Co., Denver, Colo.
July 6 (letter of notification) 25,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay indebtedness. **Office**—310 Cooper Bldg., Denver, Colo. **Underwriter**—None.

Boston Edison Co. (7/17)
June 26 filed 246,866 shares of capital stock (par $25) to be offered for subscription by stockholders of record on or about July 16, 1953, on a 1-for-10 basis (with an oversubscription privilege); rights to expire about Aug. 3. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—The First Boston Corp., New York.

Budget Charge Accounts, Inc., Yonkers, N. Y.
July 1 filed $1,000,000 of seven-year capital notes due Aug. 1, 1960, of which $225,000 principal amount may be offered in exchange for a like amount of five-year 10% subordinated debentures due Aug. 1, 1956. **Price**—At par (in denominations of $100, $500 and $1,000). **Proceeds**—For additional working capital, but may be used to reduce bank loans. **Underwriter**—None.

NEW ISSUE CALENDAR

July 17 (Friday)
Boston Edison Co.____________________Common
(Offering to stockholders—underwritten by The First Boston Corp.) 246,866 shares
Great Western Oil & Gas Co.____________Common
(Hunter Securities Corp.) $299,200

July 20 (Monday)
Central Illinois Light Co.______________Common
(Bids 3.45 p.m. EDT) 35,340 shares
Ionics, Inc. ________________________Common
(Lee Higginson Corp.) 131,784 shares
Pecos Exploration Co.__________________Common
(Offering to stockholders of Leon Land & Cattle Co.—Beer & Co. to solicit subscriptions) $379,500
Providence Park, Inc.__________________Common
(Woolfolk & Shober) $99,999
Williston Basin Oil Exploration Co.______Common
(J. A. Hogle & Co.) $300,000

July 21 (Tuesday)
Applied Science Corp.______________Notes & Stock
(C. K. Pistell & Co., Inc.) $787,500
Chicago & North Western Ry.___Equip. Trust Ctfs.
(Bids noon CDT) $4,185,000
Petaca Mining Corp._____________Pfd. & Common
(McGrath Securities Corp.) $299,400
Western Light & Telephone Co., Inc.________Bonds
(Harris, Hall & Co., Inc.) $3,000,000
Western-Nebraska Oil Co., Inc.___________Common
(Israel & Co.) $299,950

July 22 (Wednesday)
American Pipe & Construction Co.________Common
(Dean Witter & Co.) 100,000 shares
Corpus Christi Refining Co.______________Common
(Vickers Brothers) $1,230,000
El Paso Natural Gas Co.________________Preferred
(White, Weld & Co.) $20,000,000
Saint Anne's Oil Production Co.__________Common
(Sills, Fairman & Harris) $1,350,000
Sun Valley Mining Corp.________________Common
(Miller Securities Corp.) $299,000

July 23 (Thursday)
Miller Manufacturing Co._____________Debentures
(Lee Higginson Corp. and P. W. Brooks & Co., Inc.) $1,750,000

July 24 (Friday)
United Gas Corp._______________________Common
(Offering to stockholders—no underwriting) 1,171,863 shares

July 28 (Tuesday)
Ampex Corp. __________________________Common
(Blyth & Co., Inc. and Irving Lundborg & Co.) 160,000 shares
Jones (B. F.) Oil Co.____________Class A Common
(McLaughin, Reuss & Co.) $299,600

July 31 (Friday)
Chesapeake & Potomac Telephone Co. of Baltimore City ___________________Debentures
(Bids to be invited)

August 3 (Monday)
California Water & Telephone Co._________Common
(Blyth & Co., Inc.) 120,000 shares

August 4 (Tuesday)
Atlas Plywood Corp.____________Debs. & Common
(Van Alstyne, Noel & Co.) $5,000,000 debs. and 150,000 shares of stock
State Loan & Finance Corp.____________Debentures
(Johnston, Lemon & Co.) $2,750,000

August 5 (Wednesday)
Pittsburgh & Lake Erie RR.___Equip. & Trust Ctfs.
(Bids noon EDT) $3,225,000

August 10 (Monday)
Texas International Sulphur Co.___________Common
(Vickers Brothers) 400,000 shares

August 12 (Wednesday)
Gulf, Mobile & Ohio RR._________Equip. Trust Ctfs.
(Bids to be invited) $4,500,000

August 20 (Thursday)
American Fidelity & Casualty Co.________Preferred
(Geyer & Co.) $750,000

August 31 (Monday)
Denver & Rio Grande Western RR.___Eq. Tr. Ctfs.
(Bids to be invited) $3,300,000

September 1 (Tuesday)
Duke Power Co._________________Bonds & Common
(Bids for bonds to be invited) $35,000,000

September 15 (Tuesday)
Louisiana Power & Light Co.______________Bonds
(Bids to be invited) $12,000,000
Pacific Telephone & Telegraph Co._________Debs.
(Bids to be invited) $50,000,000

Byrd Oil Corp., Dallas, Tex.
Oct. 22 filed $1,750,000 of 10-year 5½% convertible sinking fund mortgage bonds due Nov. 1, 1962, to be offered for subscription by common stockholders at the rate of $100 of bonds for each 28 shares of stock held (for a 14-day standby). Certain stockholders have waived their rights. **Price**—At par. **Proceeds**—To repay $1,014,500 of outstanding notes and for drilling expenses and working capital. **Underwriters**—Dallas Rupe & Son, Dallas, Tex.; Carl M. Loeb, Rhoades & Co., New York; and Straus, Blosser & McDowell, Chicago, Ill. **Offering**—Postponed

★ C K M Finance Corp., Kansas City, Mo.
July 8 (letter of notification) 3,950 shares of class A common stock (par $10) and 11,000 shares of class B common stock (par $10) to be sold in units of 25 shares of class A and 25 shares of class B stock to jobbers; and in units of not less than 10 shares, nor more than 50 shares of class B stock to automotive parts dealers. **Proceeds** — For working capital. **Office**—1515 McGee St., Kansas City 8, Mo. **Underwriter**—Ernest A. Tapp.

★ California Water & Telephone Co. (8/3-4)
July 13 filed 120,000 shares of common stock (par $12.50). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

★ Care Development Corp.
July 3 (letter of notification) 5,000 shares of preferred stock. **Price**—At par ($10 per share). **Proceeds**—For investment fund abroad. **Office**—660 First Ave., New York. **Underwriter**—None.

Carolina Casualty Insurance Co., Burlington, N.C.
April 29 (letter of notification) 103,506 shares of class B non-voting common stock (par $1) being offered to stockholders of record April 17 at rate of one new share for each five shares held; rights to expire July 17. **Price**—$2 per share. **Proceeds**—To increase capital and surplus. **Office**—262 Morehead St., Burlington, N. C. **Underwriter**—None.

Central City Milling & Mining Corp.
March 4 (letter of notification) 1,800,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Underwriter**—R. L. Hughes & Co., Denver, Colo.

Central Fibre Products Co., Inc., Quincy, Ill.
March 23 (letter of notification) 2,400 shares of common stock (par $5). **Price**—At market (approximately $39.50 per share). **Proceeds**—To E. Carey, Jr., and W. D. P. Carey, the two selling stockholders. **Underwriters**—Bosworth, Sullivan & Co., Denver, Colo.

★ Chesapeake & Potomac Telephone Co. of Baltimore City (7/31)
July 10 filed $15,000,000 of 31-year debentures due Aug. 15, 1984. **Proceeds**—To repay advances from American Telephone & Telegraph Co., parent. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Morgan Stanley & Co.; The First Boston Corp.; Harriman Ripley & Co. Inc. and Alex. Brown & Sons (jointly). **Bids**—Expected to be received late this month.

Coleman Engineering Co., Inc., Los Angeles, Cal.
June 18 (letter of notification) 38,000 shares of class A common stock (par $1), of which 8,000 shares will be issued to pay off notes at rate of $5 per share, 5,000 shares to be sold to stockholders and employees and 25,000 shares will be sold publicly. **Price**—$5.25 to stockholders and employees and $5.62½ per share to public. **Proceeds**—To repay debt and for working capital. **Office**—6040 West Jefferson Blvd., Los Angeles, Calif. **Underwriter**—Lester, Ryons & Co., Los Angeles, Calif.

Colo-Kan Fuel Corp., Denver, Colo.
June 29 (letter of notification) 940,000 shares of class A common stock (par five cents). **Price** — 9½ cents per share. **Proceeds**—For drilling expenses and equipment. **Office**—711 E & C Bldg., Denver, Colo. **Underwriter**—E. I. Shelley & Co., Denver, Colo.

Connohio, Inc. (Ohio), Hartford, Conn.
June 12 (letter of notification) 1,000 shares of convertible preferred stock (par $10). **Price** — $8 per share. **Proceeds**—To selling stockholder. **Underwriter**—S. C. Parker & Co., Inc., Buffalo, N. Y.

Cooperative Grange League Federation Exchange, Inc.
Feb. 13 filed 50,000 shares of 4% cumulative preferred stock (par $100) and 700,000 shares of common stock (par $5). **Price**—At par. **Proceeds**—For working capital. **Business**—Production of dairy and poultry feeds. **Office**—Ithaca, N. Y. **Underwriter**—None.

Corpus Christi Refining Co. (Texas) (7/22)
June 2 filed 970,000 shares of common stock (par 10 cents), of which 820,000 shares are to be offered to the public. **Price**—$1.50 per share. **Proceeds**—For working capital, etc. **Underwriter**—Vickers Brothers, New York. Latter will receive warrants to purchase the remaining 150,000 common shares.

DeKalb & Ogle Telephone Co., Sycamore, Ill.
June 24 (letter of notification) 25,695 shares of common stock, to be offered for subscription by stockholders at the rate of one new share for each four shares held. **Price**—At par ($10 per share). **Proceeds**—To construct telephone exchange. **Office**—112 West Elm St., Sycamore, Ill. **Underwriter**—None.

Eagle Super Markets, Inc., Moline, Ill.
May 21 (letter of notification) 25,000 shares of 6% preferred stock. **Price**—At par ($10 per share). **Proceeds**—To redeem first preferred stock and for working capital. **Office**—2519 Fourth Ave., Moline, Ill. **Underwriter**—Harry Hall Co., Safety Bldg., Rock Island, Ill.

• El Paso Natural Gas Co. (7/22)
June 26 filed 200,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans. **Underwriter**—White, Weld & Co., New York.

Fairway Foods, Inc., St. Paul, Minn.
May 8 filed $1,600,000 first mortgage lien 4½% bonds to mature $40,000 annually from 1955 to 1994, inclusive.

Price—At 100% of principal amount. **Proceeds**—To construct new warehouse. **Underwriter**—None.

Fallon Gas Corp., Denver, Colo.
June 25 (letter of notification) 3,616,000 shares of Class A common stock. **Price**—At par (five cents per share). **Proceeds**—For drilling wells. **Office**—528 E and C Bldg., Denver, Colo. **Underwriter**—E. I. Shelley Co., Denver, Colo.

Farrington Manufacturing Co., Boston, Mass.
July 6 (letter of notification) 1,600 shares of class A common stock (par $10). **Price**—At market (estimated at $11.25 per share. **Proceeds**—For working capital. **Underwriter**—Chace, Whiteside, West & Winslow, Inc., Boston, Mass. No general offering planned.

★ **Fenimore Iron Mines Ltd. of Toronto**
July 14 filed 1,001,896 purchase warrants to purchase a like number of shares of common "B" stock (par $1) to be issued to holders of 2,003,792 common stock purchase warrants exercisable until July 31, 1953, for the same amount of common shares, on the basis of one "B" common stock purchase warrant for each two common stock purchase warrants exercised. The "B" warrants will be exercisable at any time after Jan. 31, 1954, and be good until Aug. 1, 1955. **Price**—$1.25 per share. **Proceeds**—For field exploration and diamond drilling. **Underwriter**—None.

★ **First Louisiana Finance Co., New Orleans, La.**
July 9 (letter of notification) $25,000 of 5% debenture certificates. **Proceeds** — For working capital. **Office**—1801 National Bank of Commerce Bldg., New Orleans 12, La. **Underwriter**—None.

Fischer's Flavor Seal, Inc., Spokane, Wash.
May 19 (letter of notification) 4,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Business**—Makes a formula for processing fresh meat. **Office**—726 Paulsen Bldg., Spokane Wash. **Underwriter**—R. L. Emacio & Co., Inc., Spokane Wash.

● **Gas Service Co.**
May 22 filed 1,500,000 shares of common stock (par $10) **Proceeds**—To be used by Cities Service Co. to increase investment in Empire Gas & Fuel Co., another subsidiary. **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Smith, Barney & Co.; Stone & Webster Securities Corp. and Stern Bros. & Co. (jointly). Statement to be withdrawn.

General Dynamics Corp.
May 12 filed 250,000 shares of common stock (par $3) **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans made to acquire a block of 400,000 shares of Consolidated Vultee Aircraft Corp. **Underwriter**—Lehman Brothers, New York, to handle U. S. sales of shares, while Greenshields & Co., Inc., will handle Canadian distribution of a portion of the offering. **Offering**—Temporarily postponed.

General Foods Corp., New York
June 5 filed $5,400,000 aggregate amount of common stock (no par) issuable under the corporation's Employee Savings-Investment Plan. **Underwriter**—None.

Georgia RR. & Banking Co.
June 17 filed certificates of deposit for 42,000 shares of common stock. It is planned to vote on a voluntary plan of adjustment under which it is planned to segregate the business of the Georgia RR. Bank & Trust Co. and the railroad business and to place the company in a position where it can obtain additional funds in the near future. See also First Railroad & Banking Co. of Georgia under "Prospective Offerings" below.

Grand Bahama Co., Ltd., Nassau
Feb. 3 filed $1,350,000 20-year 6% first mortgage convertible debentures due March, 1973, and 1,565,000 shares of class A stock (par 10 cents). **Price**—Par for debentures and $1 per share for stock. **Proceeds** — For new construction. **Business** — Hotel and land development. **Underwriter**—Gearhart & Otis, Inc., New York.

Grand River Mutual Telephone Corp.
June 22 (letter of notification) 8,000 shares of common stock (par $5) and 1,000 shares of preferred stock (par $45). **Price**—At par. **Proceeds**—For working capital. **Office**—924 Main St., Trenton, Mo. **Underwriter**—None.

Gray Manufacturing Co., Hartford, Conn.
May 1 filed 55,313 shares of capital stock (par $5) to be offered for subscription by stockholders on the basis of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter** — None. **Offering** — No definite plan adopted.

● **Great Western Oil & Gas Co. (7/17)**
July 6 (letter of notification) 748,000 shares of common stock (par 10 cents). **Price**—40 cents per share. **Proceeds**—To retire loans payable and to develop leaseholds. **Office**—Wilson Tower Bldg., Corpus Christi, Tex. **Underwriter**—Hunter Securities Corp., New York.

Hartford Special Machinery Co.
June 1 (letter of notification) 7,500 shares of common stock to be offered for subscription by present stockholders. **Price**—At par ($20 per share). **Proceeds**—To purchase equipment and for working capital. **Office**—287 Homstead Ave., Hartford, Conn. **Underwriter**—None.

● **Home Telephone & Telegraph Co., Emporia, Va.**
June 18 (letter of notification) 40,320 shares of common stock (par $5) being offered for subscription by common stockholders on the basis of one new share for each six shares held as of July 9; rights to expire on July 29. **Price**—$5.50 per share. **Proceeds**—To pay off short-term loans. **Underwriter**—None.

Hotel Drake Corp., New York
June 12 filed 13,573 shares of capital stock (par $5) and $339,325 of 4% 10-year cumulative income debentures due Aug. 1, 1963, to be offered for subscription by stockholders in units of one share of stock and a $25 debenture. **Price**—$30 per unit. **Proceeds**—To repay $300,000 bank debt and for working capital. **Underwriter**—None.

Hunter Creek Mining Co., Wallace, Idaho
June 2 (letter of notification) 160,000 shares of common stock. **Price**—25 cents per share. **Proceeds**—For operating capital. **Office** — 509 Bank St., Wallace, Idaho. **Underwriter**—Mine Financing, Inc., Spokane, Wash.

Inland Western Loan & Finance Corp., Phoenix, Ariz.
July 2 filed 2,500,000 shares of class A non-voting common stock (par $1) to be offered to present and future holders of Special Participating Life Insurance Contracts issued by Commercial Life Insurance Co. of Phoenix. **Price**—$1.50 per share. **Proceeds** — To develop and expand company's loan and finance business. **Underwriter**—None. An additional 300,000 shares have been and are being offered for sale in Arizona at $1 per share to holders of Commercial's special participating contracts, the proceeds of which are to be used to activate the company in the loan and finance business.

● **International Telephone & Telegraph Co.**
June 26 filed $35,883,300 of 20-year convertible debentures due Aug. 1, 1973, to be offered for subscription by stockholders at rate of $100 of debentures for each 20 shares of capital stock held. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for other corporate purposes. **Underwriter**—Blyth & Co., Inc., New York. **Offering**—Indefinitely postponed.

● **Ionics, Inc., Cambridge, Mass. (7/20-23)**
June 30 filed 131,784 shares of common stock (par $1). **Price**—To be supplied by amendment (between $8 and $9 per share). **Proceeds**—To pay mortgage debt and for equipment. **Business** — Research and development and subsequent commercial exploitation in the field of ion exchange chemistry. **Underwriter**—Lee Higginson Corp., New York and Boston (Mass.).

★ **Jobbers Supply Co., Inc., Kansas City, Mo.**
July 8 (letter of notification) 1,500 shares of preferred stock. **Price** — At par ($100 per share). **Proceeds**—For working capital. **Office**—1515 McGee St., Kansas City 8, Mo. **Underwriter**—Ernest A. Tapp.

Junction City (Kan.) Telephone Co.
March 3 (letter of notification) $206,000 of 4½% first mortgage bonds, series A, due Feb. 1, 1977. **Price**—100% and accrued interest. **Proceeds**—For general corporate purposes. **Underwriter**—Wachob-Bender Corp., Omaha, Nebraska.

Keystone Helicopter Corp., Phila., Pa.
April 23 (letter of notification) 295,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To purchase helicopter and equipment and for working capital. **Office**—Land Title Bldg., Philadelphia, Pa. **Underwriter**—None.

Lincoln Telephone & Telegraph Co.
June 19 (letter of notification) 9,446 shares of common stock (par $16.66⅔ per share) being offered for subscription by common stockholders of record June 1 on a 1-for-18 basis; rights to expire July 28. **Price**—$26 per share. **Proceeds** — For improvements and additions to property. **Office**—Lincoln, Neb. **Underwriter**—None.

Liquor Register, Inc., Roslindale, Mass.
July 3 (letter of notification) 2,100 shares of common stock (par $5). **Price**—$16.50 per share. **Proceeds**—For working capital for device to dispense and record drinks. **Office**—596 Poplar St., Roslindale, Mass. **Underwriter**—Coburn & Middlebrook, Inc., Boston, Mass.

Lone Star Sulphur Corp., Wilmington, Del.
May 8 filed 600,000 shares of common stock (par 5 cents) to be offered for subscription by common stockholders of record May 8 on a share-for-share basis "as a speculation." **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—None.

● **M J M & M Oil Co., San Francisco, Calif.**
June 23 (letter of notification) 265,232 shares of capital stock (par 10 cents) being offered for subscription by stockholders of record July 7 at rate of one new share for each 11 shares held; rights to expire July 29. **Price**—$1.10 per share. **Proceeds**—To repay bank loan and for working capital. **Office**—155 Sansome St., San Francisco, Calif. **Underwriter**—None.

Mackey Airlines, Inc., Fort Lauderdale, Fla.
June 26 (letter of notification) 299,500 shares of common stock (par 33⅓ cents). **Price**—$1 per share. **Proceeds**—For working capital, etc. **Underwriters**—Atwill & Co., Miami Beach, Fla.; and Emco, Inc., Palm Beach, Fla.

McCarthy (Glenn), Inc.
June 12 filed 10,000,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For drilling of exploratory wells, acquisition of leases and for general corporate purposes. **Underwriter**—B. V. Christie & Co., Houston, Tex. **Dealer Relations Representative**—George A. Searight, 50 Broadway, New York, N. Y. Telephone WHitehall 3-2181. **Offering**—Date indefinite.

★ **Miami Window Corp., Miami, Fla.**
July 9 (letter of notification) 150,000 shares of preferred stock. **Price**—At par ($2 per share). **Proceeds**—To liquidate obligations and for payment of current accounts and working capital. **Office**—5200 N. W. 37th Ave., Miami, Fla. **Underwriter**—Atwill & Co., Miami Beach, Florida.

Michigan Consolidated Gas Co.
May 15 filed $20,000,000 of first mortgage bonds due 1978. **Proceeds**—From sale of bonds, plus proceeds from sale of 215,000 shares of common stock (par $14) to American Natural Gas Co., parent, for $3,010,000, to be used to repay bank loans and for construction program. **Bids**—A group headed jointly by Halsey, Stuart & Co., Inc., Harriman Ripley & Co., Inc. and Union Securities Corp. entered the only bid on June 15 for the securities—100.125 for 5s. This bid was rejected. Reoffering had been planned at 101.875 to yield 4.87%. July 6 company sought SEC authority to borrow $20,000,000 from banks on 3¼% notes pending permanent financing.

Miles Laboratories, Inc., Elkhart, Ind.
June 16 (letter of notification) 5,400 shares of capital stock (par $2). **Price**—$18.50 per share. **Proceeds**—To Cathryn Collins Keller, the selling stockholder. **Underwriter**—Albert McGann Securities Co., Inc., South Bend, Indiana.

● **Miller Manufacturing Co., Detroit., Mich. (7/23)**
June 29 filed $1,500,000 of 6% sinking fund debentures due 1973 and $250,000 of 4½% serial debentures due 1954-1958, inclusive. **Price**—To be supplied by amendment. **Proceeds** — To redeem debentures and to repay bank loan. **Business**—Manufacturer of ball bearing faucet washers, steel castings, hand tools, etc. **Underwriters**—Lee Higginson Corp. and P. W. Brooks & Co., Inc., both of New York.

Model Finance Service, Inc., Jackson, Mich.
June 29 (letter of notification) 60.000 shares of class A convertible common stock (par $1)—convertible share-for-share into common stock (par $1). **Price** — $5 per share. **Proceeds**—For working capital. **Office**—1203 National Bank Bldg., Jackson, Mich. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill.

Muntz TV Inc., Chicago, Ill.
June 19 (letter of notification) 12,000 shares of common stock (par $1). **Price**—At market (about $3.25 per share). **Proceeds**—To Earl W. Muntz, President. **Underwriter**—L. D. Sherman & Co., New York.

★ **Murphy Ranch Mutual Water Co., Whittier, Calif.**
July 10 (letter of notification) 500 shares of assessable common stock (assessments for other than actual cost of water delivery limited to $5 per share). **Price**—$9.18 per share. **Proceeds**—To Murphy Ranch Land Development Co. **Underwriter**—Perry-Monahan Realty Co.

● **National Credit Card, Inc., Portland, Ore.**
May 11 (letter of notification) 1,400 shares of 6% non-cumulative preferred stock (par $100) and 1,400 shares of common stock (no par) being sold in units of one share of each class of stock. **Price**—$101 per unit. **Proceeds** — For working capital. **Business**—Credit service. **Office**—Times Building, Portland 4, Ore. **Underwriter**—None.

● **Natural Gas & Oil Corp., Shreveport (La.)**
June 17 filed 452,129 shares of common stock (par $5) being offered for subscription by common stockholders of record June 30 at the rate of one new share for each four shares held; rights to expire on July 24. **Price**—$10 per share. **Proceeds**—To pay $1,500,000 debt and for acquisition of properties and for exploratory drilling and other expenses. **Underwriter**—None. Mississippi River Fuel Corp. owner of 49.76% of the outstanding shares will purchase any unsubscribed shares.

Nemaha Oil Co., Dallas, Tex.
June 29 (letter of notification) 260,000 shares of common stock (par $1). **Price**—$1.15 per share. **Proceeds**—For drilling costs. **Office**—2206 Mercantile Bank Bldg., Dallas, Tex. **Underwriter**—Carothers & Co., Inc., Dallas, Tex.

Noryn Mines Ltd., Hull, Quebec, Canada
April 23 filed 500,000 shares of common stock (par $1). **Price**—50 cents per share. **Proceeds**—To repay loans and for other corporate purposes. **Underwriter**—None.

Northlands Oils Ltd., Canada
Nov. 21 filed 1,000,000 shares of capital stock (par 20¢ — Canadian) and subscription warrants for 600,000 shares, which statement was amended May 20 to 200,000 shares and warrants to purchase 200,000 shares to be offered in units of one share of stock and one warrant. **Price**—75 cents per unit. **Proceeds**—For drilling of additional wells and to purchase producing wells. **Underwriter**—M. S. Gerber, Inc., New York.

★ **Ohio Oil Co.**
July 9 filed with the Ohio Oil Co. Thrift Plan $15,000,000 of participations in the plan and 268,456 underlying shares of Ohio Oil Co. capital stock (no par).

Overland Oil, Inc., Denver, Colo.
June 10 filed 600,000 shares of common stock (par 10¢) to be offered for subscription by stockholders (except the original incorporators) at rate of one new share for each two shares held. **Price**—40 cents per share. **Proceeds**—For working capital. **Underwriter**—None.

Palestine Economic Corp., New York
March 6 filed 100,000 shares of common stock (par $25). **Price**—$28 per share. **Proceeds** — For development of Israel industry, etc., and for working capital. **Underwriter**—None.

Paramount Pictures Corp.
June 30 filed 36,500 shares of common stock (par $1) to be offered from time to time on the New York Stock Exchange. **Price**—At the market. **Proceeds**—To Barney Balaban, President, and Tillie Balaban, his wife, who are the selling stockholders. **Underwriter**—None.

Pecos Exploration Co., Dallas, Tex. (7/20)
June 17 filed 1,725,000 shares of common stock (par five cents), of which 1,150,000 shares are to be offered for subscription by stockholders of Leon Land & Cattle Co. on the basis of one Pecos share for each Leon share held; and up to 575,000 shares are to be distributed as a property dividend on the basis of one-half share of Pecos stock for each Leon share held on or about July 20. **Price**—33 cents per share. **Proceeds**—For drilling expenses, etc. **Underwriter** — None, but Beer & Co., of Atlanta (Ga.), New Orleans (La.) and Dallas (Tex.) will solicit the exercise of warrants.

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★ Pedlow-Nease Chemical Co., Inc.
July 9 (letter of notification) 2,000 shares of capital stock (no par) to be offered to stockholders of record June 29 at rate of one new share for each five shares held. **Price**—$10 per share. **Proceeds**—For working capital. **Office**—Lock Haven, Pa. **Underwriter**—None.

Pennsylvania & Southern Gas Co.
June 1 (letter of notification) 98,240 shares of common stock (par 25 cents) being first offered for subscription by common stockholders of record June 1 at rate of one new share for each share held (with an oversubscription privilege), with rights to expire on July 15; and then to preferred stockholders. Unsubscribed shares to be offered publicly. **Price**—$1.50 per share. **Proceeds**—To retire $65,000 short-term debt and for working capital. **Office**—111 Quimby St., Westfield, N. J. **Underwriter**—None.

Peruvian Oil Concessions Co., Inc.
Jan. 16 filed 9,000,000 shares of common stock (par $1) (amended April 24 to 1,000,000 shares). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Business**—Plans to produce and sell petroleum and its products from lands to be held under concession from the Peruvian Government. **Underwriter**—B. G. Phillips & Co., New York.

Petaca Mining Corp., Santa Fe, N. M. (7/21)
June 30 (letter of notification) 99,800 shares of preferred stock (par 50 cents) and 199,600 shares of common stock (par 10 cents) to be offered in units of one preferred and two common stocks. **Price**—$3 per unit. **Proceeds**—For mining equipment and construction costs. **Office**—3000 Cerrillos Road, Santa Fe, N. M. **Underwriter**—McGrath Securities Corp., New York.

Phillips Petroleum Co.
June 11 filed $25,000,000 of participation in the company's Thrift Plan and 444,444 shares of its common stock purchasable under the plan on the open market at current market prices. It is contemplated plan will be placed in effect on or about Aug. 1, 1953.

Powdercraft Corp., Spartanburg, S. C.
June 3 (letter of notification) 5,000 shares of capital stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Business**—Makes machine parts. **Office** 746 Hayne St., Spartanburg, S. C. **Underwriter**—Calhoun & Co., Spartanburg, S. C.

• Providence Park, Inc., New Orleans, La. (7/20)
July 7 (letter of notification) 33,333 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—To develop and improve property for cemetery. **Office**—516 Carondelet Bldg., New Orleans, La. **Underwriter**—Woolfolk & Shober, New Orleans, La.

• Richfield Oil Corp., Los Angeles, Calif.
June 22 filed $5,425,000 of interests in Employees Stock Purchase Plan and 100,000 shares of common stock of the company purchaseable under the Plan.

Ridley Mines Holding Co., Grafton, N. D.
June 1 filed 120,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds** — For working capital. **Underwriter**—None.

★ Robbins Ethol Corp., Salt Lake City, Utah
July 10 (letter of notificaiton) 24,500 shares of capital stock. **Price** — At par ($1 per share). **Proceeds** — For working capital. **Office** — 28 West Second South St., Room 315, Salt Lake City, Utah. **Underwriter**—None.

• Saint Anne's Oil Production Co. (7/22)
April 23 filed 270,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To acquire stock of Neb-Tex Oil Co., to pay loans and for working capital. **Office**—Northwood, Iowa. **Underwriter**—Sills, Fairman & Harris of Chicago, Ill.

Schlafly Nolan Oil Co., Inc.
March 25 filed 150,000 shares of common stock (par 25 cents). **Price**—$4 per share. **Proceeds**—To purchase and sell leaseholdes, royalties and producing properties, to prospect for oil and gas and to develop and operate producing properties. **Office**—Mt. Vernon, Ill. **Underwriter** — L. H. Rothchild & Co., New York. **Offering** — Indefinitely postponed.

Scillitoe (Edgar L.), Inc. (N. Y.
May 25 (letter of notification) 298,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To acquire plant, machinery and equipment; and for working capital. **Office**—10-15 Spruce St., New York. **Business** — Manufacturer of electronic and electro-mechanical devices. **Underwriter** — Nielsen & Co., New York, N. Y. **Offering**—Temporarily postponed.

Skiatron Electronics & Television Corp.
June 2 (letter of notification) 15,000 shares of common stock (par 10¢). **Price**—At the market (about $2-$2½ per share—$2.12½ per share to underwriter). **Proceeds**—To demonstrate "Subscriber-Vision." **Office** — New York City. **Underwriter** — Wright, Wood & Co., Philadelphia, Pa.

Soundscriber Corp., New Haven, Conn.
June 4 (amendment to letter of notification) 15,588 shares of capital stock (no par). **Price**—$6.25 per share. **Proceeds**—For payment of debt and working capital. **Business** — Manufacture of dictating and transcribing machines. **Office** — 146 Munson St., New Haven, Conn. **Underwriter**—None.

Southeastern Fund, Columbia, S. C.
June 26 (letter of notification) 116,016 shares of common stock (par $1) to be offered to stockholders through transferable warrants; unsubscribed shares to be offered to public. **Price** — To stockholders, $2.15 per share; to public, $2.37½ per share. **Proceeds**—For working capital. **Office**—Palmetto State Life Bldg., Columbia, S. C. **Underwriter**—None.

Southern Bell Telephone & Telegraph Co.
April 9 filed $30,000,000 of 24-year debentures due May 1, 1977. **Proceeds** — To repay advances from American Telephone & Telegraph Co., the parent. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; The First Boston Corp. **Bids**—Received on May 5 but rejected.

★ Southwest Products Co., Duarte, Calif.
July 8 (letter of notification) 3,000 shares of common stock (par $1) to be offered pursuant to stock purchase options. **Price** — $10 per share. **Proceeds**—For general corporate purposes. **Office** — 1705 South Mountain Ave., Duarte, Calif. **Underwriter**—None.

★ State Bond & Mortgage Co., New Ulm, Minn.
July 14 filed $10,000,000 of Accumulative Certificates, series 17. **Underwriter**—None.

★ State Loan & Finance Corp., Washington, D. C. (8/4)
July 14 filed $2,750,000 of 5% 7-year sinking fund subordinated debentures due April 1, 1960. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

★ Sun Valley Mining Corp., Jerome, Ida. (7/22)
Aug. 9 (letter of notification) 299,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For acquisition of mill and working capital. **Offices** — 150 Broadway, New York, and 136 Locust St., Jerome, Ida. **Underwriter**—Miller Securities Co., New York.

Technograph Printed Electronics Inc.
June 26 (letter of notification) 99,906.2 shares of common stock (par 40 cents) to be offered to common stockholders of record July 13, 1953 on a basis of one new share for each two shares held; rights to expire March 3, 1955. **Price**—$3 per share. **Proceeds**—For licensing activities and improving patent position and for working capital. **Office** — 191 Main St., Tarrytown, N. Y. **Underwriter**—None.

Texas International Sulphur Co. (8/10)
June 29 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To finance cost of drilling test wells of sulphur reserves. **Office**—Houston, Tex. **Underwriter**—Vickers Brothers, New York.

• Texota Oil Co., Fort Worth, Tex.
June 21 filed 250,000 shares of common stock (par 1¢). **Price**—$5 per share. **Proceeds**—To repay bank loans and for general corporate purposes. **Underwriter** — Piper, Jaffray & Hopwood, Minneapolis, Minn.

Textron Incorporated, Providence, R. I.
June 25 filed 4,930 shares of 4% preferred stock, series A (par $100) to be offered in exchange for the 19,719 shares of 5% cumulative preferred stock, series A (par $25) of Textron Puerto Rico, a subsidiary, on a one-for-four basis. Offer to expire Sept. 30, 1953.

★ Trusteed Funds, Inc., Boston, Mass.
July 14 filed 2,500 ($3,000,000) of Commonwealth Fund indenture of trust plan A and 1,150 ($1,380,000) of indenture of trust plans B. **Proceeds**—For investment. **Underwriter**—None.

Union Carbide & Carbon Corp.
June 17 filed 500,000 shares of capital stock (no par) to be offered under "The Savings Plan for Employees of the Corporation and U. S. Subsidiary Companies."

• United Gas Corp., Shreveport, La. (7/24)
June 26 filed 1,171,863 shares of common stock (par $10) to be offered for subscription by common stockholders at the rate of one new share for each 10 shares held as of record July 23 (with an oversubscription privilege); rights to expire on or about Aug. 14. **Price**—To be supplied by amendment (to be determined on July 20). **Proceeds**—For repayment of bank loans and for new construction. **Underwriter**—None.

United Mining & Leasing Corp. Central City, Colo.
May 4 (letter of notification) 115,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining equipment. **Underwriter** — R. L. Hughes & Co., Denver, Colo.

U. S. Airlines, Inc., New York
May 28 filed 1,000,000 shares of common stock (par 5 cents). **Price**—To be supplied by amendment. **Proceeds**—For working capital, etc. **Underwriter**—Gearhart & Otis, Inc., New York.

Vault Co. of America, Davenport, Iowa
March 2 (letter of notification) 10,000 shares of common stock. **Price** — $10 per share. **Proceeds** — For working capital. **Underwriter**—A. J. Boldt & Co., Davenport, Ia.

Walburt Oils Ltd., Toronto, Canada
April 24 filed 660,000 shares of common stock (par $1) of which 550,000 shares will be offered in the United States and 110,000 shares in Canada. **Price** — $1.02 per share in U. S. and $1 per share in Canada. **Proceeds**—For general corporate purposes. **Underwriter**—Sidney S. Walcott, President of company, Buffalo, N. Y.

Washington Water Power Co.
May 7 filed 1,088,940 shares of $1.28 cumulative convertible preferred stock (par $25) and 1,088,939 shares of common stock (no par) to be issued in connection with the proposed merger into company of Puget Sound Power & Light Co. on the basis of one-half share of preferred and one-half share of common for each Puget Sound common share to holders who do not elect to receive cash at the rate of $27 per share. **Underwriter**—None.

Webb & Knapp, Inc., New York
June 29 filed 3,000,000 shares of common stock (par 10 cents), of which 100,000 shares are to be offered after effective date; the remaining 2,900,000 shares will be offered from time to time prior to July 15, 1954. **Price**—At market. **Proceeds**—To William Zeckendorf, President and selling stockholder who owns 11,567,804.7 shares. **Business**—Real estate and other interests. **Underwriter**—None.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. **Price** — To be supplied by amendment. **Proceeds**—From sale of units and 1,125,000 additional shares of common stock and private sale of $55,000,000 first mortgage bonds, to be used to build a 1,030 mile crude oil pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20 filed 1,125,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used to build pipeline. **Underwriters** — White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

Western Light & Telephone Co., Inc. (7/21)
June 29 filed $3,000,000 of first mortgage bonds, series G, due July 1, 1983. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. Underwriter—Harris, Hall & Co. (Inc.), Chicago, Ill. **Offering**—Expected on or about July 21.

Western Natural Gas Co., Houston, Tex.
June 8 (letter of notification) 7,030 shares of 5% preferred stock to be offered to stockholders. **Price**—At par ($30 per share). **Proceeds** — For operating capital. **Office**—1006 Main St., Houston 2, Tex. **Underwriter**—None.

Western-Nebraska Oil Co., Inc., Albuquerque, N. M. (7/21)
June 29 (letter of notification) 299,950 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For drilling expenses and equipment. **Office**—2929 Monte Vista Blvd., Albuquerque, N. M. **Underwriter**—Israel & Co., New York.

★ Western Pacific Insurance Co., Seattle, Wash.
July 9 (letter of notification) $240,000 of 6% convertible bonds to be offered to stockholders on the basis of one $100 bond for each 17 shares of stock owned. Bonds are convertible at rate of one share of common stock (par $10) for each $25 principal amount of bonds within seven years after date of bond. **Price**—At par (in denominations of $100, $500 and $1,000). **Proceeds** — For expansion, etc. **Office**—Arctic Bldg., Seattle, Wash. **Underwriter**—None.

Western Safflower Corp.
April 9 (letter of notification) 240,000 shares of common stock (par 25 cents). **Price**—$1.25 per share. **Proceeds**—To construct plant. **Office**—First National Bank Bldg., Colorado Springs, Colo. **Underwriter**—E. I. Shelley Co., Denver, Colo.

Williston Basin Oil Exploration Co. (7/20)
June 17 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price**—Expected at around 30 cents per share. **Proceeds**—For working capital. **Office**—209 Atlas Bldg., Salt Lake City, Utah. **Underwriter**—J. A. Hogle & Co., Salt Lake City.

York County Gas Co.
May 25 (letter of notification) 6,000 shares of common stock (par $20) being offered for subscription by common stockholders of record June 17 at rate of one new share for each 12 shares owned (with an oversubscription privilege); rights to expire July 14. **Price**—$40 per share. **Proceeds**—From sale of stock, together with $600,000 to be received from sale of first mortgage bonds to repay $600,000 bank loans and for new construction. **Office**—127 West Market St., York, Pa. **Underwriter**—None.

Prospective Offerings

Allied Stores Corp.
June 16 stockholders voted to increase the authorized cumulative preferred stock (par $100) from 267,486 shares to 400,000 shares and the authorized common stock (no par) from 2,500,000 to 4,000,000 shares. The company has no plans for the immediate issue of any of the new shares. Traditional underwriter: Lehman Brothers, New York.

Allis-Chalmers Mfg. Co.
May 6 stockholders approved a proposal to increase the authorized common stock from 3,750,000 shares (no par) to 5,000,000 shares (par $20). It is not presently planned to issue any of the additional stock. **Underwriter**—Previous financing was handled by Blyth & Co., Inc.

• American Fidelity & Casualty Co. (8/20)
July 8 it was stated registration is planned around July 28 of about 100,000 shares of convertible preferred stock (par $5) to be offered for subscription by common stockholders about Aug. 20 on a share-for-share basis; with about a 14-day standby. **Price** — To be named later. **Proceeds**—For working capital. **Underwriter**—Geyer & Co., New York.

Arizona Bancorporation, Phoenix, Ariz.
June 1 it was announced corporation plans to offer present stockholders the right to subscribe after July 15 for 100,000 additional shares of capital stock on the basis of one new share for each two shares held. **Price** — $10 per share. **Underwriter**—None.

Arkansas Power & Light Co.
March 20 it was announced that company may consider refunding the outstanding 47,609 shares of $7 preferred stock (no par) and 45,891 shares of $6 preferred stock

(no par), both callable at $110 per share. **Underwriters**—To be determined by competitive bidding. Probable bidders. Blyth & Co., Inc, and Equitable Securities Corp. (jointly); W. C. Langley & Co., and The First Boston Corp. (jointly); Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.

Atlantic Refining Co.
March 27 it was announced that proposed debenture issue later this year will be around $60,000,000. The exact nature and timing of the financing are still to be determined. Stockholders voted May 5 to increase the authorized debt from $75,000,000 to $150,000,000. **Proceeds**—To be used to help pay for a $100,000,000 construction program for 1953. **Underwriters**—Smith, Barney & Co. may head group.

Bangor & Aroostook RR.
One bid was received by the RFC at Room 1157, 811 Vermont Ave., N. W., Washington, D. C., prior to 5:30 p.m. (EDT) on May 25 for the purchase from it of $1,675,000 of collateral trust 4% bonds due July 1, 1961. It was refused, however, as it was too low. It is possible that the bonds may be offered again in the coming months.

Bates Manufacturing Co.
June 25 it was reported company planned to offer and sell 750,000 additional shares of common stock. **Proceeds**—To purchase properties in the South. **Underwriters**—Probably Coffin & Burr, Inc., Boston, Mass., and The First Boston Corp., New York. **Plan Opposed**—Consolidated Textile Co., Inc., is opposing the proposed financing.

Blair Holdings Corp.
June 24 it was announced company plans to issue and sell publicly $2,000,000 of convertible debentures. **Proceeds** — For development of Stanwell Oil & Gas Ltd., newly acquired subsidiary. **Underwriters**—Blair, Rollins & Co. Inc. and The First California Co.

Brunner Manufacturing Co., Utica, N. Y.
June 23 it was reported company plans public offering of $1,500,000 15-year subordinated sinking fund convertible debentures and 100,000 shares of common stock. **Proceeds**—To build new plant in Georgia, to retire about $250,000 of preferred stock presently held by Prudential Insurance Co. of America, and for working capital. Preferred shares may be exchanged for part of debentures. **Underwriters**—Allen & Co., New York, and Mohawk Valley Investing Co., Utica, N. Y. **Offering**—Expected in August.

Central Bank & Trust Co., Denver, Colo.
June 18 it was announced company plans to offer to its stockholders 100,000 additional shares of capital stock (par $10) on the basis of two additional shares for each three shares held after 50% stock distribution. **Price**—$14 per share. **Proceeds**—To increase capital and surplus. **Underwriters** — Boettcher & Co. and Peters, Writer, Christensen, Inc. **Meeting**—Stockholders will meet July 17 to increase capitalization.

Central Hudson Gas & Electric Corp.
June 16 Ernest R. Acker, President, announced that company plans to offer (1) approximately 140,000 shares of common stock to stockholders at rate of one new share for each 15 shares held; (2) 20,000 shares of common stock to employees; and (3) $6,000,000 of convertible debentures to public. **Proceeds**—To pay off bank loans and for construction program. **Underwriters**—Probably Kidder, Peabody & Co. and Estabrook & Co. (jointly). **Offering**—Expected early in September.

★ **Central Illinois Light Co. (7/20)**
Bids will be received by the United Gas Improvement Co., at 1401 Arch St., Philadelphia 5, Pa., up to 3:45 p.m. (EDT) on July 20 for the purchase from it of 35,340 shares of common stock of Central Illinois Light Co. Probable bidders: Union Securities Corp.; Blyth & Co., Inc.; Harriman Ripley & Co., Inc.; Stone & Webster Securities Corp.; Glore, Forgan & Co.

Central Illinois Public Service Co.
March 26 it was reported that the company may about mid-July sell about $6,000,000 additional common stock (first to common stockholders). **Underwriter**—The First Boston Corp., New York.

Central Louisiana Electric Co., Inc.
April 16 stockholders authorized a block of the authorized common stock for issuance and sale locally in the parishes in which the facilities of the company are located, such stock not to exceed $300,000 in aggregate market value. They also approved issuance of securities convertible into shares of any class of capital stock.

Central Maine Power Co.
Jan. 2 it was reported company plans sale later this year of $10,000,000 common stock (in addition to $10,000,000 of 1st & gen. mtge. bonds sold March 10, 1953), after distribution by New England Public Service Co. of its holdings of Central Maine Power Co. common stock. Probable bidders: Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Coffin & Burr, Inc.; A. C. Allyn & Co., Inc. and Bear, Stearns & Co. (jointly); Harriman Ripley & Co., Inc.

Central Power & Light Co.
March 2 it was reported company may issue and sell 50,000 shares of new preferred stock. **Underwriters**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Glore, Forgan & Co. (jointly); Blyth & Co., Inc., Harriman Ripley & Co., Inc. and Smith, Barney & Co. (jointly); Salomon Bros. & Hutzler.

Chicago & North Western Ry. (7/21)
Bids will be received by the company at 400 West Madison St., Chicago, Ill., up to noon (CDT) on July 21 for the purchase from it of $4,185,000 equipment trust certificates to be dated Aug. 15, 1953 and to mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Cinerama Productions Corp.
Jan. 9 it was reported company plans issuance and sale of about 500,000 shares of common stock. **Price**—Expected to be around $10 per share. **Underwriter**—Hayden, Stone & Co., New York. **Offering**—Postponed.

Columbia Gas System, Inc.
April 6 it was announced company plans to issue and sell later this year $40,000,000 of new debentures. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Community Public Service Co.
June 23 the FPC authorized the company to issue up to $2,500,000 short-term promissory notes to banks (this includes $1,600,000 already outstanding). These will be paid off by permanent financing with mortgage bonds to be undertaken during the latter part of February or early part of March, 1954. Previous bond financing was done privately.

Delaware Power & Light Co.
April 21 stockholders approved a proposal to increase the authorized preferred stock from 200,000 shares to 300,000 shares (par $100). Probable bidders for any new preferred stock financing may include Blyth & Co., Inc., and The First Boston Corp. (jointly); White, Weld & Co. and Shields & Co. (jointly); Lehman Brothers; W. C. Langley & Co. and Union Securities Corp. (jointly); Morgan Stanley & Co. Stuart Cooper, President, said it is possible that common stock may be sold later in the year.

● **Denver & Rio Grande Western RR. (8/31)**
July 7 it was reported that the company proposes to sell $3,300,000 additional equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Detroit Edison Co.
March 24 it was announced company plans to issue an unspecified amount of convertible debentures due 1963 (about $55,000,000 to carry an interest rate not exceeding 4%) which may first be offered for subscription by stockholders. **Proceeds**—To retire bank loans and to meet construction costs. **Meeting**—Stockholders on April 14 authorized the new debentures. **Underwriter**—None.

★ **Duke Power Co. (9/1)**
July 9 company announced it plans to issue and sell $35,000,000 first and refunding mortgage bonds, due 1983, and 208,321 additional shares of common stock (the latter to stockholders on a 1-for-20 basis). **Underwriters**—(1) For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Stone & Webster Securities Corp.; The First Boston Corp. (2) For stock, no underwriters. **Proceeds**—For construction program. **Bids**—For bonds, expected to be opened on Sept. 1.

Eastern Utilities Associates
Feb. 20 it was announced company plans sale of $7,000,000 collateral trust mortgage bonds due 1973. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Estabrook & Co. and Stone & Webster Securities Corp. (jointly); The First Boston Corp., White, Weld & Co. and Kidder, Peabody & Co. (jointly); Glore, Forgan & Co. and Harriman Ripley & Co. Inc. (jointly).

El Paso Natural Gas Co.
March 25 it was announced company plans to place privately $120,000,000 of first mortgage bonds and sell publicly $25,000,000 debentures in addition to 200,000 shares of preferred stock registered June 26 with SEC. **Underwriter**—White, Weld & Co., New York.

● **Fidelity Trust Co. of Baltimore**
July 10 stockholders of record that date were given the right to subscribe for 24,350 additional shares of capital stock (par $25) on the basis of one new share for each three shares held; rights to expire on July 28. **Price**—$55 per share. **Underwriters** — Alex. Brown & Sons; Baker, Watts & Co. and John C. Legg & Co., all of Baltimore, Md.

First Railroad & Banking Co. of Georgia
May 4 it was announced that this new company will offer stockholders of Georgia Railroad & Banking Co. in exchange for each share held, one share of the new company's stock, the right to subscribe within 30 days for 13 additional shares at $4.10 per share and a $250 collateral trust 5% bond due May 1, 1990; the offer to become effective upon acceptance by 95% of the outstanding stock. An additional 210,000 of the new shares would be purchased by the underwriters, plus any of the unsubscribed shares. **Proceeds**—To retire $2,190,000 of Georgia Railroad & Banking Co. debentures held by an insurance firm. **Underwriters**—Johnson, Lane, Space & Co. and Joseph Walker & Sons.

General Telephone Co. of Kentucky
April 27 it was reported early registration is expected of 50,000 shares of cumulative preferred stock (par $50). **Underwriters** — Probably Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.

Government Employees Corp., Washington, D. C.
March 18 stockholders authorized an issue of 3,000 shares of preferred stock (par $100) to carry a cumulative dividend rate not to exceed 6% annually. The management states that, under present plans, these shares will be issued as the growth of the corporation warrants.

Greenwich Gas Co.
May 7 the Connecticut P. U. Commission authorized company to issue and sell $200,000 of first mortgage bonds and $483,000 par value of common stock (the latter first to stockholders). **Proceeds**—To retire bank loans. **Underwriter**—F. L. Putman & Co., Boston, Mass.

★ **Gulf, Mobile & Ohio RR. (8/12)**
Bids are expected to be received by the company on Aug. 12 for the purchase from it of $4,500,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

★ **Illinois Bell Telephone Co.**
July 9 company sought Illinois Commerce Commission to issue and sell 568,703 shares of capital stock (par $100) to stockholders (American Telephone & Telegraph Co., parent, owns all but about 4,000 shares of outstanding stock). **Proceeds** — To retire indebtedness to parent company. **Underwriter**—None.

Iowa Electric Light & Power Co.
April 13 it was reported company may sell in June some common and preferred stock and/or debentures. **Underwriters** — For stock: The First Boston Corp. and G. H. Walker & Co., both of New York. Previous debt financing was done privately.

Iowa-Illinois Gas & Electric Co.
May 15 it was reported company may issue and sell early in 1954 about $6,000,000 aggregate amount of common stock. **Underwriters**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane, Harriman Ripley & Co. Inc.

Jones (B. F.) Oil Co. (7/28)
June 10 it was reported company plans issue and sale of 299,600 shares of Class A common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—McLaughlin, Reuss & Co., New York.

Kansas-Nebraska Natural Gas Co., Inc.
May 12 it was reported company may issue and sell about $4,750,000 first mortgage bonds. **Proceeds**—To repay $800,000 bank loans and for new construction. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

LaSalle National Bank, Chicago, Ill.
June 25 stockholders of record June 24, 1953 were given the right to subscribe on or before July 24 for 20,000 additional shares of capital stock (par $25) on the basis of one new share for each four shares held. **Price**—$40 per share. **Proceeds** — To increase capital and surplus. **Underwriter**—The Illinois Co., Chicago, Ill.

Long Island Lighting Co.
April 21 it was announced that company this Fall plans to issue and sell in the neighborhood of 600,000 shares of new common stock to be followed in the latter part of the year by an issue of about $25,000,000 of first mortgage bonds (this is in addition to 100,000 shares of series C preferred stock, par $100, offered publicly on May 7). **Proceeds**—To repay bank loans and for new construction. **Underwriters** — (1) For common stock, probably Blyth & Co., Inc. and The First Boston Corp. (jointly). (2) For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); W. C. Langley & Co.; Smith, Barney & Co.

Louisiana Power & Light Co. (9/15)
June 10 it was announced company expects to issue and sell in September $12,000,000 first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and A. C. Allyn & Co., Inc. (jointly); Blyth & Co., Inc.; White, Weld & Co. and Shields & Co. (jointly); Salomon Bros. & Hutzler; W. C. Langley & Co., The First Boston Corp., and Glore, Forgan & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Harriman Ripley & Co., Inc.; Equitable Securities Corp. **Bids**—Expected to be received on Sept. 15. **Registration**—Planned for Aug. 11.

Maier Brewing Co., Los Angeles, Calif.
April 18 it was announced company will offer 400,000 additional shares of common stock to its stockholders at rate of four new shares for each share held. **Price**—$5 per share. **Prcoeeds** — To help finance a new bottling plant. **Underwriter**—None.

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Menabi Exploration Co., Inc., Houston, Tex.
April 8 it was announced company plans to issue and sell $1,000,000 of convertible debentures. **Proceeds**—To finance development of oil properties in Ecuador. **Underwriter**—Kidder, Peabody & Co., New York.

★ **Milwaukee Gas Light Co.**
July 7 company sought SEC approval of a bank loan of $9,000,000 the mature Aug. 1, 1954. These borrowings, plus retained earnings, are designed to finance expansion pending formulation of permanent financing prior to maturity of notes. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co. and Lehman Brothers (jointly); Smith, Barney & Co. and Blyth & Co., Inc. (jointly); Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Harriman Ripley & Co. Inc.

Minneapolis-Honeywell Regulator Co.
April 28 stockholders approved a proposal increasing authorized common stock (par $1.50) from 3,440,000 to 3,950,000 shares and the preference stock (par $100) from 160,000 to 210,000 shares. Immediate issuance of increased stock not planned. **Underwriter**—Probably Union Securities Corp., New York.

Mississippi Power & Light Co.
March 20, E. H. Dixon, President of Middle South Utilities, Inc., announced that refunding of Mississippi Power & Light Co.'s $6 preferred stock (no par), of which 44,476 shares are now outstanding, may be considered This issue is callable at $110 per share. **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and Equitable Securities Corp (jointly; W. C. Langley & Co., and The First Boston Corp. (jointly); Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.

Monongahela Power Co.
Dec. 11 it was announced company plans issuance and sale near the middle of 1953 of $10,000,000 first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., W. C. Langley & Co. and The First Boston Corp. (jointly); Kuhn, Loeb & Co.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Glore, Forgan & Co.; Lehman Brothers; Equitable Securities Corp.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Beane; Harriman Ripley & Co., Inc.

Montana-Dakota Utilities Co.
May 2 it was announced company plans to issue and sell in 1953 approximately $8,000,000 of first mortgage bonds. **Proceeds**—For 1953 construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc., Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly).

New York State Electric & Gas Corp.
Feb. 27 it was reported that company may, later in 1953, issue and sell $20,000,000 first mortgage bonds (following private sale of 75,000 shares of 4.40% preferred stock, par $100 in February and $5,000,000 of 3¾% debentures due 1991 in April). **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Hemphill, Noyes & Co. and Drexel & Co. (jointly); Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; Harriman Ripley & Co., Inc.

Northwest Natural Gas Co.
March 23 it was reported that this company plans to finance its proposed 1,300-miles pipeline from Canada to the Pacific Northwest by the issuance and sale of $66,000,000 of 4½% first mortgage pipeline bonds to insurance companies and other institutional investors and $9,000,000 of 5% debentures and 1,400,000 shares of common stock at $10 per share publicly in the United States and Canada. **Underwriter**—Morgan Stanley & Co., New York.

Ormond Corp., Albuquerque, N. M.
March 10 it was announced company plans to register with the SEC an issue of stock, which will be offered nationally. **Office**—5003 Central Avenue, N. E., Albuquerque. N. M.

Otter Tail Power Co.
June 25 FPC authorized company to issue a maximum of $4,000,000 unsecured promissory notes to banks, the proceeds to provide funds to temporarily finance the company's 1953 and 1954 construction programs prior to arranging for long-term financing. **Underwriters**—May be Glore, Forgan & Co. and Kalman & Co.

Pacific Northwest Pipeline Corp.
Jan 29 company received FPC permission to file a third substitute application proposing to construct a 1,466-mile transmission line extending from the San Juan Basin in New Mexico and Colorado to market areas in the Pacific Northwest. Estimated overall capital cost of the project is $186,000,000, including $2,000,000 for working capital. Financing is expected to consist of first mortgage pipe line bonds and preferred and common stocks. **Underwriters**—White, Weld & Co. and Kidder, Peabody & Co., both of New York, and Dominion Securities Corp. Ltd., Toronto, Canada.

● **Pacific Telephone & Telegraph Co. (9/15)**
July 2 it was announced company plans to issue and sell $50,000,000 of 31-year debentures due Sept. 15, 1984 and 1,004,603 shares of common stock at $100 per share in the ratio of one new share for each seven shares held. **Proceeds** — To repay bank loans. **Underwriter**—For bonds to be determined by competitive bidding. Probable bidders: Halsey Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co.; Lehman Brothers and Union Securities Corp. (jointly). Stock would be offered to stockholders, without underwriting. American Telephone & Telegraph Co., parent, owns 91.25% of Pacific common shares. **Bids**—Expected about Sept. 15.

★ **Penn Fruit Co., Inc.**
July 10 it was announced stockholders on July 23 plan to vote on increasing authorized common stock (par $5) from 650,000 to 850,000 shares, and to create a new issue of up to 80,000 shares of preferred stock (par $50), issuable in series. **Proceeds**—For expansion. **Underwriters**—Previous stock financing (in January, 1952) was handled by Hemphill, Noyes & Co., Drexel & Co. and Blair, Rollins & Co. and associates.

● **Peoples Trust Co. of Bergen County (N. J.)**
June 25 stockholders approved issuance and sale to stockholders of record June 9 of 70,000 additional shares of capital stock (par $5) on the basis of seven new shares for each 20 shares held following split-up of present outstanding 40,000 $25 par shares into 200,000 $5 par shares on a 5-for-1 basis; rights to expire Aug. 14. Unsubscribed shares to be offered to public. **Price**—$15 per share. **Proceeds**—To increase capital and surplus.

Permian Basin Pipeline Co., Chicago, Ill.
Feb. 4 company filed an amended application with FPC for authority to construct a 163-mile pipeline system at an estimated cost of $40,269,000. Financing may be done privately. **Underwriters** — Stone & Webster Securities Corp. and Glore, Forgan & Co., both of New York. Of the stock of this company, 51% is now owned by Northern Natural Gas Co.

★ **Pittsburgh & Lake Erie RR. (8/5)**
Bids are expected to be received by the company up to noon (EDT) on Aug. 5 for the purchase from it of $3,225,000 equipment trust certificates to be dated Sept. 1, 1953, and to mature in 15 years. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Public Service Co. of New Hampshire
Nov. 3 it was announced company plans to issue and sell in 1953 approximately $5,000,000 of bonds and sufficient common shares to raise about $4,000,000. **Proceeds**—To repay bank loans and for new construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: For bonds, Halsey, Stuart & Co. Inc.; The First Boston Corp. and Coffin & Burr, Inc. (jointly); Kidder, Peabody & Co.; White, Weld & Co. For stock: Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); Harriman Ripley & Co. Inc.

Public Service Co. of Oklahoma
March 2 it was reported company may issue and sell 40,000 shares of new preferred stock (par $100). **Underwriters** — To be determined by competitive bidding. Probable bidders: Glore, Forgan & Co.; Smith, Barney & Co.; Kuhn, Loeb & Co.; Harriman Ripley & Co., Inc., and Central Republic Co. (Inc.). **Proceeds**—For additions and improvements.

Public Service Electric & Gas Co.
Feb. 25 it was announced company plans issuance and sale in June of $50,000,000 of first refunding mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Lehman Brothers (jointly); Morgan Stanley & Co. and Drexel & Co. (jointly); The First Boston Corp. **Offering**—Postponed.

Raytheon Manufacturing Co.
June 10 C. F. Adams, Jr., President, was reported as stating that company was contemplating offering about 434,988 additional shares of common stock to stockholders on the basis of one new share for each five shares held. **Proceeds**—For expansion program. **Underwriters**—May be Hornblower & Weeks and Paine, Webber, Jackson & Curtis. **Offering**—Expected in August.

Shield Chemical Corp., Verona, N. J.
March 26 it was reported company plans to issue and sell about $300,000 of common stock. **Proceeds**—For working capital. **Underwriter**—Miller Securities Co., New York. **Offering**—Indefinitely postponed.

Silex Co.
June 4 it was reported company plans to offer rights to stockholders to subscribe for about 268,750 shares of common stock (par $1). **Price**—Not less than $3.50 per share. **Proceeds**—To redeem 5½% convertible debentures within four months after their sale. **Underwriter**—None.

South Carolina Natural Gas Co.
Feb. 19 it was announced a FPC Presiding Examiner filed a decision, subject to Commission review, authorizing company to construct approximately 160 miles of pipeline at an estimated cost of $5,945,000. Securities may be sold privately through competitive sale.

South Georgia Natural Gas Co.
Feb. 19 it was announced a FPC Presiding Examiner filed a decision, subject to Commission review, authorizing the company to construct 335 miles of pipeline in Alabama, Georgia and Florida at an estimated cost of $8,141,518. Rehearing granted by FPC on June 29.

Southern California Edison Co.
July 2 it was announced company plans to issue and sell $30,000,000 bonds late in August. **Proceeds**—For 1952 construction program. **Underwriters**—May be determined by competitive bidding. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Harris, Hall & Co. (Inc.) (jointly); Blyth & Co., Inc.; Kuhn, Loeb & Co.

Southwestern Gas & Electric Co.
April 29 it was announced company later this year will issue and sell 50,000 shares of cumulative preferred stock (par $100). **Underwriters** — May be determined by competitive bidding. Probable bidders: White, Weld & Co. and Kidder, Peabody & Co. (jointly); W. C. Langley & Co and Paine, Webber, Jackson & Curtis (jointly); Harriman Ripley & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly); Lehman Brothers; Blyth & Co. Inc., and Stone & Webster Securities Corp. (jointly).

Strategic Materials Corp., Buffalo, N. Y.
April 14 it was reported company plans to offer for subscription by its common stockholders about $1,000,000 of additional common stock. **Underwriters**—Hamlin & Lunt, Buffalo, N. Y., and Allen & Co., New York.

Sunray Oil Corp.
May 13 company disclosed it is planning to issue and sell securities sufficient to raise several millions of dollars of capital to finance two new manufacturing division projects in each of which it would own a 50% interest. **Underwriter**—Eastman, Dillon & Co., New York.

Tennessee Gas Transmission Co.
March 27 it was reported company expects to do some debt financing this Fall (under $50,000,000) to replace short-term bank loans. Probable bidders for bonds: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp. and White, Weld & Co. (jointly).

Toledo Edison Co.
April 21 stockholders approved a proposal to increase the authorized common stock from 5,000,000 to 7,500,000 shares and to amend the articles of incorporation so as to provide that the limit on the amount of unsecured indebtedness that the company may create, without consent of majority of the preferred stockholders shall be 20% (instead of 10%) of the aggregate of company's secured indebtedness and capital and surplus. Charles E. Ide, President, stated that the management has no present plans to issue new common shares. The First Boston Corp. and Collin, Norton & Co. handled latest common stock financing. Probable bidders on any bonds: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp.; Smith, Barney & Co.

Transcontinental Gas Pipe Line Corp.
May 4 it was reported company may issue some convertible preferred stock before the Fall. **Underwriters**—Probably White, Weld & Co. and Stone & Webster Securities Corp., both of New York .

United Gas Corp.
May 1 it was announced company (in addition to abovementioned proposed stock offering) plans to issue and sell about $30,000,000 of debentures. **Proceeds**—For 1953 construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co., White, Weld & Co., and Equitable Securities Corp. (jointly); The First Boston Corp., Harriman Ripley & Co. Inc. and Goldman Sachs & Co. (jointly). **Offering**—Expected later in 1953.

West Texas Utilities Co.
March 2 it was reported that company plans issuance and sale of 100,000 shares of new preferred stock. **Underwriters** — May be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Harriman Ripley & Co., Inc.; Union Securities Corp.

Westcoast Transmission Co.
April 10 it was stated company may issue and sell $59,000,000 of 4% first mortgage bonds to insurance companies (including Prudential Insurance Co. of America, New York Life Insurance Co.; Northwestern Mutual Life Insurance Co. and several Canadian companies); $25,000,000 of 3% to 4% short-term notes to the National City Bank of New York; and about 3,500,000 shares of common stock for about $30,000,000. **Proceeds**—To finance construction of a natural gas pipe line from the Canadian Peace River field to western Washington and Oregon. **Underwriter**—Eastman, Dillon & Co., New York.

★ **Western Massachusetts Companies**
June 30, H. J. Caldwell, President, stated trustees are studying plan to issue and sell additional common stock which would provide the company's electric subsidiary with sufficient funds to retire not exceeding one-half of an $8,000,000 bank loan. A total of 978,527 no par common shares are presently outstanding. **Offering** — Expected before end of 1953, subject to market conditions. **Underwriters** — May be The First Boston Corp., New York.

★ **Westinghouse Air Brake Co.**
July 8 it was announced stockholders will on Aug. 25 vote on increasing the authorized indebtedness to not exceeding $50,000,000 at any time outstanding. Financing being considered to pay off $30,000,000 bank loans owed by Le Tourneau-Westinghouse Co., a new subsidiary, and for working capital. **Underwriter**—The First Boston Corp., New York.

Wisconsin Public Service Corp.
March 17 it was reported that the company may, late this year or early in 1954 issue and sell some common stock to round out its financing program. **Underwriter**—May be The First Boston Corp. and Robert W. Baird & Co. (jointly).

Worcester Gas Light Co.
April 2 it was announced company has applied to the Massachusetts Department of Public Utilities for authorization to issue and sell $3,000,000 of 20-year first mortgage bonds. **Proceeds**—To retire bank loans, etc. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co., Inc.; Kidder, Peabody & Co.

Our Reporter's Report

Investment bankers have come to that period of the year when they recognize that things are destined to remain more or less on dead-center for a prolonged period.

Once today's offering of Consumers Power Co.'s $25,000,000 of bonds is out of the way, underwriters literally can put up the shutters for four to six weeks, judging by the status of the new issue calendar, that is for corporate undertakings.

The market appears to be in a receptive mood but for the present and for some weeks ahead the fare in the form of new issues is going to be extremely thin. True a stiffening of the stock market might encourage efforts to bring out some of the equities which are hanging in the background.

But as far as debt securities are concerned it now appears likely that it will be the latter part of August or possibly after Labor Day before industry again is in the market for funds in a big way.

While the secondary market has been putting on a decidedly encouraging performance, potential borrowers apparently have not as yet become acclimated to the new range of money costs and are inclined to sit back and wait things out for a spell.

Meanwhile dealers have little remaining on their shelves from issues of recent vintage and it is a case of shopping around, of necessity, to fill such orders as are received.

For the Record

Bankers who brought out Commonwealth Edison Co.'s $40,000,000 of new bonds last week are quite satisifed with the manner in which the market has been absorbing this issue.

Carrying a 3¾% coupon, for 30-years and priced at par to yield 3.62½%, the bonds have been moving out steadily.

But what pleases the sponsoring group quite as much as anything else is the fact that only a small part of the issue remains to be marketed, around $7,000,000.

The placing of the balance, it is noted, has been accomplished without the appearance of any "big names" on the buying side, indicating that wide distribution has been achieved.

Big Standby Postponed

Opening of subscription books on International Telephone & Telegraph Corp.'s projected $35,000,000 of debentures had been expected to bolster this week's overall turnover, but things did not work out that way.

It developed at mid-week that the company and sponsoring bankers had agreed on a postponement for this operation which had been tentatively set for Friday.

Prevailing conditions marketwise, it was observed, particularly the laggardly behavior of the equity market, are not conducive to efforts to market a convertible debenture issue at this time.

Consumers Power 3¾s.

Preliminary inquiry for the Consumers Power Co.'s 3¾% bonds, scheduled to be offered publicly today, indicated brisk demand for this issue.

Brought out through a negotiated deal, the bonds were priced at 101.25 to return the buyer an indicated yield of 3.681%.

The indicated demand for the Consumers issue had the effect, according to dealers, of touching off buying orders in Commonwealth Edison's 3⅝s with prospects held bright for cleaning up of that offering.

With Gottron, Russell

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Marshall C. Doolittle II, is now with Gottron, Russell & Co., Union Commerce Building, members of the Midwest Stock Exchange.

Merrill, Turben Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Rex C. Jenkins is with Merrill, Turben & Co., Union Commerce Building, members of the Midwest Stock Exchange.

Joins Irving Weis

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Raymond Resnick has joined the staff of Irving Weis & Co., 141 West Jackson Boulevard. He was previously with Faroll & Co.

W. C. Herleman Joins W. G. Houston Co.

(Special to THE FINANCIAL CHRONICLE)

QUINCY, Ill. — William C. Herleman has become associated with W. G. Houston & Co., Mercantile Building. Mr. Herleman was formerly in business for himself for many years.

With Gibbs & Co.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — John P. Field has become connected with Gibbs & Co., 507 Main Street.

Campbell, McCarty Adds

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Judith L. Ackerman has joined the staff of Campbell, McCarty & Co., Inc., Buhl Building, members of the Detroit Stock Exchange.

Republic Inv. Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Richard A. Hayms is now affiliated with Republic Investment Co., Inc., 231 South La Salle Street.

With Straus, Blosser

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Harry J Ellis, Jr. is now connected with Straus, Blosser & McDowell, 135 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Edward Jones Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Frank R. Finnegan, Jr. has become connected with Edward D. Jones & Co., 300 North Fourth Street, members of the New York and Midwest Stock Exchanges.

Please Post Conspicuously!

"The idea that we have in this country any class of 'bloated bondholders' ought long ago to have been exploded. The idea that creditors are few, nevertheless, persists. The simplest explanation is that the number of institutions that make lending their business does not exceed 50,000. What is commonly overlooked is that such institutions are simply intermediaries. When banks make loans the ultimate creditors are the depositors, whose accounts numbered 111,000,000 on the Federal Deposit Insurance Corporation's last count two years ago. The credit appraisal, in protecting the strength and solvency of the bank, protects the depositor's right to get his money back any time he wants it and to get the interest rate return promised him on his savings account. Similarly, life insurance companies lend funds which essentially belong to policyholders, estimated to number 88,000,000.

"The comparatively newest creditor interest is that represented in pension rights. Some pension funds are administered by private insurance companies, others are set up as trust funds and administered by boards of trustees. The mushroom growth of private pension funds is well known. Their resources, now $12 billion, are held for the benefit of 10,000,000 employees. They supplement the Federal old-age trust fund which holds $18 billion in government securities and covers 47,000,000 persons. Pension rights, no less than life insurance benefits, represent a creditor interest of the individual. The Securities and Exchange Commission values life insurance and pension equities together at $120 billion.

"Individuals, as creditors, hold $102 billion in deposits with banks, $66 billion in U. S. Government securities, $20 billion in mortgage loans, and $19 billion in savings and loan associations. In the background of these figures it should be clear that the interest of the people as a whole lies in sound money policies which will protect the real values of savings, rights and benefits accumulated over the years."—The National City Bank of New York.

We refrain from "gilding the lily."

Taylor Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Winfred L. Jenksin has been added to the staff of Taylor & Co., 105 South La Salle Street.

Joins Uhlmann Benjamin

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Clarence W. Schultz, Jr. is now connected with Uhlmann & Benjamin, Board of Trade Building, members of the Midwest Stock Exchange.

With McDonald, Evans

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Verlus C. Taff is now affiliated with McDonald, Evans & Co., 1009 Baltimore Avenue.

With Hamilton Managem't

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—David E. Flatt and George R. Green have become associated with Hamilton Management Corp., 445 Grant St.

With First So. Investors

(Special to THE FINANCIAL CHRONICLE)

BOYNTON BEACH, Fla.—Robert J. Nienberg has become connected with First Southern Investors Corp., 524 Jasmine Street. In the past he was with William S. Beeken Co.

Anderson Cook Adds

(Special to THE FINANCIAL CHRONICLE)

PALM BEACH, Fla.—Rollin E. Baker has become associated with Anderson Cook Co. Inc., First National Bank Building. He was formerly with Southeastern Securities Corp.

Two With Emco

(Special to THE FINANCIAL CHRONICLE)

PALM BEACH, Fla. — Vincent M. Doherty and Frank M. Hannon are now connected with Emco, Inc., First National Bank Building. Mr. Doherty was formerly with J. R. Williston, Bruce & Co.

Joins Eisele & King

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG BEACH, Fla. —Mrs. Ruth B. Jones has been added to the staff of Eisele & King, Libaire, Stout & Co., 7217 Gulf Boulevard.

George D. Hefner With Bear, Stearns & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—George D. Hefner has become affiliated with Bear, Stearns & Co., 135 South La Salle Street. He was formerly for many years with Cruttenden & Co.

DIVIDEND NOTICES

COLUMBIA PICTURES CORPORATION

The Board of Directors at a meeting held July 14, 1953, declared a quarterly dividend of $1.06¼ per share on the $4.25 Cumulative Preferred Stock of the company, payable August 15, 1953, to stockholders of record July 31, 1953.

A. SCHNEIDER, *Vice-Pres. and Treas.*

DUMONT-AIRPLANE & MARINE INSTRUMENTS, INC.
ELECTRONICS

New York, N. Y. Clearfield, Pa.

The Board of Directors of Dumont-Airplane & Marine Instruments, Inc., have declared a quarterly dividend of seven and one-half cents per share on the outstanding convertible preferred stock payable August 15, 1953 to stockholders of record at the close of business August 5, 1953, and a dividend of ten cents per share on the outstanding common stock payable August 15, 1953 to stockholders of record at the close of business August 5, 1953.

THEODORE W. STEMMLER, *Chairman of the Board*

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

TAMPA, Fla.—James H. Young has become affiliated with King Merritt & Co., Inc.

With Thomson McKinnon

(Special to THE FINANCIAL CHRONICLE)

WEST PALM BEACH, Fla. — George R. Smith is now connected with Thomson & McKinnon, 319 Clematis Street.

With Alm, Kane, Rogers

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Hugh D. Haberstad has become affiliated with Alm, Kane, Rogers & Co., 39 South La Salle Street. He was formely with Daniel F. Rice & Co. and E. F. Hutton & Co.

DIVIDEND NOTICES

The New York Central Railroad Co.

New York, July 8, 1953.

A dividend of Fifty Cents ($.50) per share on the capital stock of this Company has been declared payable August 20, 1953, at the Office of the Treasurer, 466 Lexington Avenue, New York 17, N. Y., to stockholders of record at the close of business July 20, 1953.

E. E. PANCOST, Treasurer.

MIAMI COPPER COMPANY

61 Broadway, New York 6, N. Y.

July 8, 1953

A dividend of fifty (50c) cents per share has been declared, payable September 23, 1953, to stockholders of record at the close of business September 9, 1953. The transfer books of the Company will not close.

JOHN G. GREENBURGH, *Treasurer.*

SOUTH AMERICAN GOLD & PLATINUM COMPANY

61 Broadway, New York 6, N. Y.

July 13, 1953.

A dividend of ten (10¢) cents per share has been declared payable September 14, 1953, to stockholders of record at the close of business on August 19, 1953.

JOHN G. GREENBURGH, Treasurer.

TECHNICOLOR, Inc.

The Board of Directors has declared a dividend of twenty-five cents (25¢) per share on the Common Stock ($1 Par Value) of the Company, and a dividend of fifty cents (50¢) per share on the Common Stock (no Par Value) not yet exchanged under the Company's Exchange Instructions dated May 19, 1953. These dividends are payable July 31, 1953 to stockholders of record at the close of business July 17, 1953.

L. G. CLARK, *Treasurer*

July 10, 1953

pf PACIFIC FINANCE CORPORATION

DIVIDEND NOTICE

On July 8, 1953, the Board of Directors declared regular quarterly dividends on Preferred Stock of this corporation, payable to stockholders of record July 15, 1953, as follows:

	Date Payable	Rate Per Share
Preferred Stock, $100 par value		
5% Series	8-1-53	$1.25
5% Sinking Fund Series	8-1-53	$1.25
Preferred Stock, $25 par value		
$1.25 Sinking Fund Series	8-1-53	$0.31¼
$1.25 Series	8-1-53	$0.31¼

B. C. REYNOLDS, *Secretary*

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — For some of the prettiest pie in the sky that ever you did spy, consult with Senator Herbert H. Lehman of New York, or—

Senators James E. Murray of Montana, Henry M. Jackson of Washington, Hubert Humphrey of Minnesota, John F. Kennedy of Massachusetts, Paul H. Douglas of Illinois, or Theodore Francis Green and John O. Pastore of Rhode Island, Matthew M. Neely of West Virginia, Warren G. Magnuson of Washington, or Wayne Morse of Oregon.

All are Democrats except Mr. Morse, who hopes some day to become one. You can also consult with a lively group of Democratic "liberals" from the House, who have painted the same pie.

"At a very modest additional cost," as Senator Lehman told the Senate, here is what the government can do:

(1) It can increase the coverage of old age insurance and survivors insurance by 8 million persons. Souped-up benefits under this system would be extended to the Army, Navy and Marines, veterinarians, funeral directors, farmers — mortgaged, free of debt, or just farm hands — architects, accountants, domestic servants, ministers of the gospel, and some groups of half-starved government payrollees.

(2) The government can vastly liberalize the scale of old age insurance benefits by changing the payment formulae in many ways. Good accountants probably would be so much in demand trying to apply the complex formulae for benefits that they could all get on the government payroll and wouldn't need social security.

(3) The government would pay 26 weeks of disability benefits in any one year to the temporarily disabled.

(4) Permanent disability pay would be provided for those disabled before reaching the retirement age, and they would suffer no diminution of retirement benefits for themselves and wives and children by virtue of having been unable to contribute to the old age trust fund during their disability.

(5) Those supposedly disabled permanently from gainful employment would be rehabilitated if possible at the expense of the Old Age and Survivors Trust Fund.

To Put Ike on Spot

These are the bare outlines of the vastly broadened social security program which the hard core of the Democratic left have introduced as Senate Bill 2660.

President Eisenhower has also committed himself to a broadening of social security coverage and an increase in benefits. However, the Republicans in Congress show no disposition to go for a short of the cradle to a just short of the grave expansion, and in any case mean to study the long-term fiscal and economic implications of broadened social security before, through the Ways and Means Committee, they come up with a program, presumably some time next year.

The bill by these Senators and Representatives is designed to provide a standard of liberality against which anything the Eisenhower Administration later does will look niggardly by comparison.

Housing Study Looks Like Flop

Already the new study of changes in housing laws being conducted by Albert M. Cole, Housing and Home Finance Administrator, as agent of the White House, is beginning to look like a flop.

Inherent in the Administration-sponsored studies of how housing programs should be changed and housing agencies should be reshuffled, is that for the sake of cutting expenditures there should be some shrinkage of government bounties in this field, OR, some way should be found of achieving the same multifarious objectives at less cost, or both.

The government's housing objectives are in detail multitudinous, and the varieties of aid, legion. There is probably only one realistic way in which some of the bounties could be cut. That would be for the Administration itself, after careful introspection and study, to determine how much money it wanted to save, how better it wanted to reshuffle agencies, decide on a program with the least political vulnerability, and come out with a complete program.

Then that program could be made the subject of a sales drive to the pressure groups which are involved in the whole package. No shrinkage of benefits could avoid stepping on the toes of some of the diverse groups now benefiting.

Furthermore, Congress would need to be consulted in advance, if the program is not to be added to or cut to pieces, judging by the many changes which Congress made in just the last housing bill only a couple of weeks ago.

The Eisenhower Administration, however, is proceeding in an entirely different manner. Mr. Cole has not been given the slightest glimmer of an idea what the White House wants in the way of a new or different housing program. The White House seems to have a genuinely open mind on the subject.

Furthermore, the White House appears, if naively, to actually believe a program which might save some money could be drawn up by consulting the interested parties.

Mr. Cole has already started to consult the interested parties. He has found that the parties to housing are, as it were, interested. The public housers and the official representatives of the minority groups want more public and subsidized housing. The private building industry wants to kill off public housing but wants more and better government - backed mortgages on easier terms to make it easier to sell houses. Veterans' spokesmen want to be sure that, whatever else happens and with little regard to the cost, the veteran is taken care of. Representatives of lenders want less subsidized and direct Treasury credit, and so on.

Any program which would please all the interested parties would involve expanded, rather than contracted benefits, with sop thrown to one group to make more platable the sop thrown to another or conflicting group.

In the end, regardless of this study, the White House will have to make the decision anyway, if it is going to save any money, and will have to "sell" that decision to Congress and the pressure groups, as best as it can.

Originally it was planned that the seasoned old heads of Congress would directly work quietly and under cover with the Administration to save the most money with the least pain. This project was abandoned, however, because the Administration just loves studies by experts and advisory groups.

Freight Tax Produces

On the basis of 11-month actual figures, the Chamber of Commerce of the U. S. estimates that taxes collected by the Federal Treasury on the transportation of freight and persons brought in a juicy $740 million — almost three - fourths of a billion—the last fiscal year.

This figure casts a sample hint of the problem Congress and the Administration will face next year when they try to write an overall tax revision bill to wipe out inequities, such as a tax on freight. All goods moving by common carrier pay an excise tax equal to 3% of the shipping bill. The tax on passenger fares is 15%.

Freight moving by common carrier is taxed, but not freight in private trucks. Yet if Congress were to say that in the interests of equity this tax should be abolished, the Treasury would be poorer by $450 millions annually — a large chunk of money to make up from some where else when there are dozens of similar "discriminations" in the tax laws.

Actually both forms of transportation tax were war measures, originally enacted only for the duration of the war plus six months. Of the 15% tax on transportation of persons, the Treasury figured only about 5% was initially purely for revenue, and the other 10% was voted to discourage persons from going by rail, air, or sea around the United States when the government was so pressed to move troops during the war. This tax yields $290 millions.

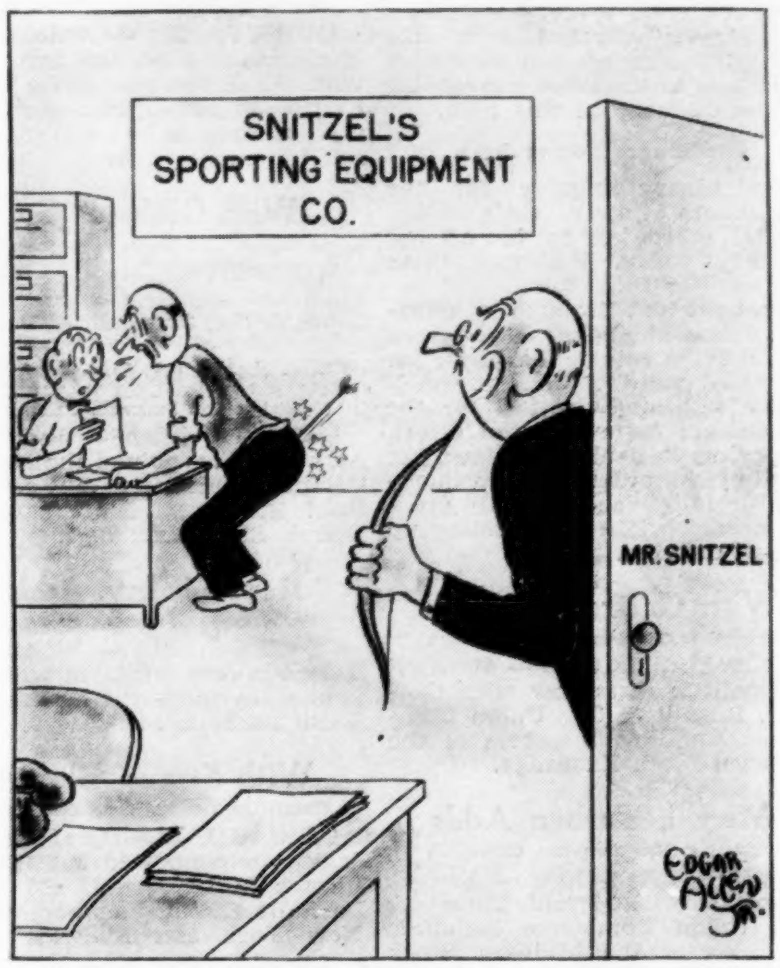
Although both are war babies, the United States Government soon got used to living on the income therefrom.

Refuse Long Loan Permission

By tabling a bill for the purpose, a Senate Banking subcommittee has in effect prevented Federal credit unions, voluntary, cooperative self-help associations, from going into long-term lending of five years, in order to find more or less commercial outlets for funds.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ



"I wish he'd learn to BUZZ when he wants me!"

Business Man's Bookshelf

Guaranteed Annual Wage in Collective Bargaining — Selected references — Industrial Relations Section, Princeton University, Princeton, N. J.—Paper—20c.

Markets and Marketing Methods of the West Virginia Coal Industry —James H. Thompson—Bureau of Business Research, College of Commerce, West Virginia University, Morgantown, W. Va.—Paper.

Money Magic in Chemical Stocks — Walter K. Gutman — B. C. Forbes & Sons Publishing Co., Inc., 80 Fifth Avenue, New York 11, N. Y.—Fabrikoid—$15.

Practical Formulas for Successful Investing—Lucile Tomlinson—Wilfred Funk, Inc., 33 West 46th Street, New York 36, N. Y.—Cloth —$4.50.

Treaty Law and the Constitution — A Study of the Bricker Amendment — Felix Morley — American Enterprise Association, Inc., 4 East 41st Street, New York 17, N. Y.—Paper—50c.

Winning in Wall Street — Ira U. Cobleigh—Dept. 7, David McKay Company, Inc., 225 Park Avenue, New York 17, N. Y.—$2.00.

COMING EVENTS

In Investment Field

Aug. 20-21, 1953 (Denver, Colo.)
IBA Rocky Mountain Group-Bond Club of Denver annual summer frolic at Albany Hotel (Aug. 20) and Park Hill Country Club (Aug. 21).

Sept. 16-19, 1953 (Sun Valley, Ida.)
National Security Traders Association 20th Annual Convention.

Oct. 13-16 (Louisville, Ky.)
Association of Stock Exchange Firms Board of Governors Meeting.

Nov. 29-Dec. 4, 1953 (Hollywood, Fla.)
Investment Bankers Association of America Annual Convention at the Hollywood Beach Hotel.

June 9-12, 1954 (Canada)
Investment Dealers Association of Canada Annual Convention at Jasper Park Lodge.